

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2019**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Colliers Hill Metropolitan District No. 1  
Erie, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Colliers Hill Metropolitan District No. 1, as of and for the year ended December 31, 2019, 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 Colliers Hill Metropolitan District No. 1 as of December 31, 2019, 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 Note (BAN), which matured at December 11, 2018. At the date of this report, the District has the ability to consummate the refinancing of the outstanding BAN in accordance with the GASB No. 62, Paragraph 39. Based on this ability, the District has excluded this BAN from current liabilities as of December 31, 2019. 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 paid off a portion of the outstanding principal and interest in 2019 with proceeds from the issuance of the Series 2019 Senior and Subordinate Limited Tax General Obligation Bonds. Repayment of the BAN is subordinate to the repayment of the newly issued Series 2019 Bonds. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 23 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.

Management 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.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
February 27, 2020

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

|                                      | Governmental<br>Activities    |
|--------------------------------------|-------------------------------|
| <b>ASSETS</b>                        |                               |
| Cash                                 | \$ 20,383                     |
| Restricted Cash and Investments      | 1,070,479                     |
| Property Tax Receivable              | 114,659                       |
| Prepaid Items                        | 146,591                       |
| Due from County Treasurer            | 5,753                         |
| Construction in Progress             | 3,282,220                     |
| Total Assets                         | <u>4,640,085</u>              |
| <b>LIABILITIES</b>                   |                               |
| Accounts Payable                     | 9,030                         |
| Retention Payable                    | 20,520                        |
| Accrued Interest and Non-Use Fees    | 363,930                       |
| Noncurrent Liabilities:              |                               |
| Due Within the Year                  |                               |
| Series 2019 Bonds                    | 65,000                        |
| Due in More than One Year:           |                               |
| 2013 BAN                             | 8,945,523                     |
| Developer Advances                   | 27,992                        |
| Series 2019 Bonds                    | 26,505,000                    |
| Bond Premium                         | 3,060,358                     |
| Total Liabilities                    | <u>38,997,353</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                               |
| Property Tax Revenue                 | 114,659                       |
| Total Deferred Inflows of Resources  | <u>114,659</u>                |
| <b>NET POSITION</b>                  |                               |
| Restricted for Emergencies           | 6,730                         |
| Unrestricted                         | <u>(34,478,657)</u>           |
| Total Net Position                   | <u><u>\$ (34,471,927)</u></u> |

See accompanying Notes to Financial Statements.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

| Functions/Programs                           | Expenses            | Program<br>Revenue<br>Charges for<br>Services | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position<br>Governmental<br>Activities |
|----------------------------------------------|---------------------|-----------------------------------------------|------------------------------------------------------------------------------------------|
| <b>Governmental Activities:</b>              |                     |                                               |                                                                                          |
| General Government                           | \$ 123,711          | \$ -                                          | \$ (123,711)                                                                             |
| Interest and Related Costs on Long-Term Debt | 2,864,856           | -                                             | (2,864,856)                                                                              |
|                                              | <u>\$ 2,988,567</u> | <u>\$ -</u>                                   | <u>(2,988,567)</u>                                                                       |
| <b>General Revenues:</b>                     |                     |                                               |                                                                                          |
| Property Taxes                               |                     |                                               | 99,850                                                                                   |
| Specific Ownership Taxes                     |                     |                                               | 68,344                                                                                   |
| TIF Income                                   |                     |                                               | 914,716                                                                                  |
| Net Investment Income                        |                     |                                               | 9,533                                                                                    |
| Total General Revenues                       |                     |                                               | <u>1,092,443</u>                                                                         |
| <b>Change in Net Position</b>                |                     |                                               | (1,896,124)                                                                              |
| Net Position - Beginning of Year             |                     |                                               | <u>(32,575,803)</u>                                                                      |
| <b>Net Position - End of Year</b>            |                     |                                               | <u>\$ (34,471,927)</u>                                                                   |

See accompanying Notes to Financial Statements.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**BALANCE SHEET**  
**DECEMBER 31, 2019**

|                                                                             | <u>General<br/>Fund</u>        |
|-----------------------------------------------------------------------------|--------------------------------|
| <b>ASSETS</b>                                                               |                                |
| Cash and Investments                                                        | \$ 20,383                      |
| Restricted Cash and Investments                                             | 1,070,479                      |
| Property Tax Receivable                                                     | 114,659                        |
| Prepaid Items                                                               | 146,591                        |
| Due from County Treasurer                                                   | <u>5,753</u>                   |
| Total Assets                                                                | <u><u>\$ 1,357,865</u></u>     |
| <br><b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCE</b> |                                |
| <b>LIABILITIES</b>                                                          |                                |
| Accounts Payable                                                            | \$ 9,030                       |
| Retention Payable                                                           | <u>20,520</u>                  |
| Total Liabilities                                                           | 29,550                         |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>                                    |                                |
| Property Tax Revenue                                                        | <u>114,659</u>                 |
| Total Deferred Inflows of Resources                                         | 114,659                        |
| <br><b>FUND BALANCE</b>                                                     |                                |
| Nonspendable                                                                | 146,591                        |
| Restricted for TABOR                                                        | 6,730                          |
| Restricted for Debt Service                                                 | 708,544                        |
| Restricted for Capital Projects                                             | 341,415                        |
| Unassigned                                                                  | <u>10,376</u>                  |
| Total Fund Balance                                                          | <u><u>1,213,656</u></u>        |
| <br>Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balance   | <br><u><u>\$ 1,357,865</u></u> |

See accompanying Notes to Financial Statements.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

|                                              |              |
|----------------------------------------------|--------------|
| Total Fund Balance - Total Governmental Fund | \$ 1,213,656 |
|----------------------------------------------|--------------|

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.

|                          |           |
|--------------------------|-----------|
| Construction in Progress | 3,282,220 |
|--------------------------|-----------|

Accrued interest payable is recognized for governmental activities, but is not reported as a liability in the governmental fund.

|  |           |
|--|-----------|
|  | (363,930) |
|--|-----------|

Some liabilities, including bonds and notes payable, are not due in the current period and, therefore, are not reported in the fund balance sheet.

|                                                          |              |
|----------------------------------------------------------|--------------|
| Developer Advances                                       | (27,992)     |
| 2013 BAN                                                 | (8,945,523)  |
| 2019A Series Limited Tax General Obligation Bond         | (22,570,000) |
| 2019A Series Limited Tax General Obligation Bond Premium | (3,060,358)  |
| 2019B Series Limited Tax General Obligation Bond         | (4,000,000)  |
|                                                          | (38,603,873) |

|                                         |                 |
|-----------------------------------------|-----------------|
| Net Position of Governmental Activities | \$ (34,471,927) |
|-----------------------------------------|-----------------|

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2019**

|                                                | General<br>Fund            |
|------------------------------------------------|----------------------------|
| <b>REVENUES</b>                                |                            |
| Property Tax Income                            | \$ 99,850                  |
| Specific Ownership Taxes                       | 68,344                     |
| Net Investment Income                          | 9,533                      |
| TIF Income                                     | 914,716                    |
| Total Revenues                                 | <u>1,092,443</u>           |
| <b>EXPENDITURES</b>                            |                            |
| Current:                                       |                            |
| Audit and Accounting                           | 54,220                     |
| Insurance                                      | 4,518                      |
| Legal                                          | 11,679                     |
| Letter of Credit                               | 37,157                     |
| Other                                          | 1,004                      |
| Director Fees                                  | 60                         |
| Treasurer Fees                                 | 15,073                     |
| Debt Service:                                  |                            |
| Principal                                      | 29,714,264                 |
| Interest                                       | 3,179,194                  |
| Loan Origination Fees                          | 700,336                    |
| Non-use Fees                                   | 2,615                      |
| Trustee Fees                                   | 9,000                      |
| Custodial Fees                                 | 6,500                      |
| Capital Outlay                                 | 1,224,638                  |
| Total Expenditures                             | <u>34,960,258</u>          |
| <b>DEFICIENCY OF REVENUE OVER EXPENDITURES</b> | (33,867,815)               |
| <b>OTHER FINANCING SOURCES</b>                 |                            |
| Proceeds from Developer Advances               | 435,344                    |
| Proceeds from Debt Instruments                 | 33,828,448                 |
| Total Other Financing Sources                  | <u>34,263,792</u>          |
| <b>NET CHANGE IN FUND BALANCES</b>             | 395,977                    |
| Fund Balance - Beginning of Year               | <u>817,679</u>             |
| <b>FUND BALANCE - END OF YEAR</b>              | <u><u>\$ 1,213,656</u></u> |

See accompanying Notes to Financial Statements.

**COLLIERS HILL 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, 2019**

|                                                      |    |         |
|------------------------------------------------------|----|---------|
| Net Change in Fund Balance - Total Governmental Fund | \$ | 395,977 |
|------------------------------------------------------|----|---------|

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

Governmental fund reports capital outlays as expenditures. However, for government activities, those capital outlays other than noncapitalizable items are shown in the statement of activities at cost.

|                |  |           |
|----------------|--|-----------|
| Capital Outlay |  | 1,224,638 |
|----------------|--|-----------|

The issuance of long-term debt provides current financial resources to the governmental fund, 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.

|                                                            |  |              |
|------------------------------------------------------------|--|--------------|
| Loan Proceeds from Developer Advances                      |  | (435,344)    |
| Loan Proceeds on 2019 Limited Tax General Obligation Bonds |  | (33,828,448) |
| Payment of Principal                                       |  | 29,714,264   |

The change in accrued interest expense and non-use fees does not have any impact on governmental fund expenditures. This transaction, however, does increase the amount of interest expense on the statement of activities.

|                                   |  |           |
|-----------------------------------|--|-----------|
| Accrued Interest and Non-Use Fees |  | 1,002,251 |
|-----------------------------------|--|-----------|

The premium on the issuance of bonds is amortized over the life of the bonds. Current year amortization of the premium on bonds of \$30,538 is reported as a reduction of interest expense on the statement of activities.

|  |  |               |
|--|--|---------------|
|  |  | <u>30,538</u> |
|--|--|---------------|

|                                                   |  |                              |
|---------------------------------------------------|--|------------------------------|
| Change in Net Position of Governmental Activities |  | <u><u>\$ (1,896,124)</u></u> |
|---------------------------------------------------|--|------------------------------|

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1    DEFINITION OF REPORTING ENTITY**

Colliers Hill Metropolitan District No. 1 (the District) is a quasi-municipal corporation located within the Town of Erie, Colorado formed by election in May 2008. The District and the Town of Erie have entered into an Intergovernmental Agreement as required by the Erie 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 Colliers Hill Metropolitan Districts No. 1, No. 2 and No. 3. In June 2014, Daybreak Metropolitan Districts 1, 2, and 3 formally changed their name to Colliers Hill Metropolitan Districts 1, 2, and 3.

The District was organized concurrently with Colliers Hill Metropolitan District No. 2 (District No. 2) and Colliers Hill Metropolitan District No. 3 (District No. 3). The District has the power to provide water, sanitation, streets, traffic and safety controls, park and recreation improvements, mosquito and pest control, transportation and other related improvements for the benefit of taxpayers and service users within the Districts' boundaries. The Service Plan requires the District to convey most of the constructed improvements to the Town of Erie for ownership and maintenance.

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 the Town of Erie.

**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.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities and deferred outflows and inflows of resources of the District is reported as net position. The District is responsible for the repayment of bonds issued for the purpose of constructing infrastructure improvements, which will be conveyed to the Town of Erie. Consequently, a deficit balance is reflected on the District's Statement of Net Position.

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 long-term obligations 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 property taxes and development fees. The District determined that developer advances are not considered as revenue susceptible to accrual. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The adopted budgets for the general fund and debt service fund have been consolidated and reflected as the General Fund Budget for financial reporting purposes.

**Investments**

Investments are recorded at amortized cost.

**Property Taxes**

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

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

In 2013, the District entered into an intergovernmental cooperation agreement with the Town of Erie Urban Renewal Authority (TOEURA) for tax increment financing (TIF). The agreement authorizes the District to be reimbursed for the design, acquisition, construction, installation and financing of Public Improvements in Urban Renewal Area No. 4. Operation, maintenance and administrative costs shall also be reimbursed as applicable. Taxes levied on taxable real property located within the TIF area after September 10, 2013 shall be divided each year for a period not to exceed twenty-five years from the effective date of the Urban Renewal Plan. Taxes will be collected by TOEURA and remitted to the District as set forth in the intergovernmental agreement.

**Capital Assets**

Capital assets consist entirely of construction projects in process that will be conveyed to the Town of Erie 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

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance and Net Position (Continued)**

appropriation or are legally restricted. As of December 31, 2019, fund balances of governmental funds are classified as follows:

Non-spendable – 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.

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 9). In compliance with this requirement, \$6,730 of the General Fund balance has been restricted.

The District has a balance of \$341,415 which is considered restricted fund balance for capital projects, and \$708,544 which is restricted for debt service.

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, 2019 consist of the following:

|                                |                            |
|--------------------------------|----------------------------|
| Deposits                       | \$ 20,383                  |
| Restricted Cash Held in Escrow | 361,935                    |
| Restricted Investments         | 708,544                    |
| Total Cash and Investments     | <u><u>\$ 1,090,862</u></u> |

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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 fair 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.

At December 31, 2019, the District's cash deposits had a carrying balance of \$382,318.

**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

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of U.S. local government, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**UMB Capitalized Interest Fund:**

At December 31, 2019, the District had \$303,102 in the UMB Capitalized Interest Account. This account is comprised of capitalize interest proceeds from the Series 2019 Bond issuance, and is restricted for the purpose of making the initial interest debt service payments on the Series 2019A Senior Limited Tax General Obligation Bond. UMB, the trustee of the funds, invested the funds in the CSAFE Money Market Fund to earn interest until debt service payments are due.

**UMB Surplus Fund:**

At December 31, 2019, the District had \$405,390 in the UMB Surplus Fund Account. The funds in this account are comprised of Senior Pledge Revenue received each year in excess of the amount required to pay the principal and interest in connection with the Series 2019A Senior Bonds. The maximum funding for the Surplus account is \$1,000,000. Amounts accumulated in the Surplus Fund are to be applied to pay the Series 2019A Senior Bonds in the event of an insufficiency in the Senior Bond Fund. UMB, the trustee of the funds, invested the funds in the CSAFE Money Market Fund to earn interest until debt service payments are due.

As of December 31, 2019, the District had the following investments:

| <u>Investment</u>         | <u>Maturity</u>    | <u>Amortized Cost</u> |
|---------------------------|--------------------|-----------------------|
| Money Market Fund - CSAFE | Less than One Year | <u>\$ 708,544</u>     |

At December 31, 2019, the District had \$708,544 invested in CSAFE Money Market Funds. The investment 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, 2019 follows:

|                          | <u>Balance at<br/>January 1,<br/>2019</u> | <u>Additions</u>    | <u>Reductions</u> | <u>Balance at<br/>December 31,<br/>2019</u> |
|--------------------------|-------------------------------------------|---------------------|-------------------|---------------------------------------------|
| Construction in Progress | <u>\$ 2,057,582</u>                       | <u>\$ 1,224,638</u> | <u>\$ -</u>       | <u>\$ 3,282,220</u>                         |

It is the policy of the Town of Erie to accept the maintenance responsibility for water, sanitation, traffic and safety controls, park and recreation improvements, mosquito and pest control, transportation and other related improvements within the District 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.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 CONSTRUCTION IN PROCESS (CONTINUED)**

During 2019, there were no major conveyances to the Town of Erie.

**NOTE 5 RELATED PARTY**

All of the members of the Board of Directors are employees or are associated with Bellock Construction Company, construction manager and accountants for the District, Community Development Group of Erie, Inc. (CDG of Erie, Inc.), the developer within the District.

**Construction Management Agreement**

A construction management agreement was entered into July 24, 2008, 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 Colliers Hill Metropolitan Districts No. 1. 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.

The amount paid to Bellock Construction Company during 2019 for construction and construction management was \$158,134.

**Accounting Services Agreement**

An accounting services contract was entered into with Bellock Construction Company on July 24, 2008. Under this agreement, accounting services are provided to District No. 1 at the hourly rates of Bellock Construction Company employees. During 2019, the District incurred accounting services fees in the amount of \$42,622

**NOTE 6 LONG-TERM OBLIGATIONS**

The District's long-term obligations consist of the following for the year ended December 31, 2019:

|                                                      | Balance at<br>January 1,<br>2019 | Additions            | Reductions           | Balance at<br>December 31,<br>2019 | Due<br>Within<br>One Year |
|------------------------------------------------------|----------------------------------|----------------------|----------------------|------------------------------------|---------------------------|
| Developer Advances                                   | \$ 1,992,524                     | \$ 435,344           | \$ 2,399,876         | \$ 27,992                          | \$ -                      |
| 2013 BAN                                             | 16,618,100                       | -                    | 7,672,577            | 8,945,523                          | -                         |
| Series 2019A Limited Tax<br>General Obligation Bonds | -                                | 22,570,000           | -                    | 22,570,000                         | 65,000                    |
| Series 2019B Limited Tax<br>General Obligation Bonds | -                                | 4,000,000            | -                    | 4,000,000                          | -                         |
| Series 2019A Limited Tax<br>G.O. Bond Premium        | -                                | 3,090,896            | 30,538               | 3,060,358                          | -                         |
| Vectra Series Loan 2019<br>Limited Tax Notes         | -                                | 4,167,552            | 4,167,552            | -                                  | -                         |
| Series 2016                                          | 15,474,259                       | -                    | 15,474,259           | -                                  | -                         |
| Total                                                | <u>\$ 34,084,883</u>             | <u>\$ 34,263,792</u> | <u>\$ 29,744,802</u> | <u>\$ 38,603,873</u>               | <u>\$ 65,000</u>          |

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**2019A and 2019B Senior and Subordinate General Obligation Limited Tax Bonds**

On September 23, 2019 the District issued \$22,570,000 of senior and \$4,000,000 of subordinate general obligation limited tax bonds. The bonds were issued for the purpose of paying all amounts owed to Zions Bancorporation, National Association pursuant to the District's Series 2016A, 2016B & 2019A Notes, refunding a portion of the District's outstanding Subordinate Note Series 2013, funding a debt service reserve fund, and paying costs of issuance in connection with the bonds.

The Series 2019A Senior Bonds bear a coupon interest rate of 3% to 5% per annum which is payable semi-annually on June 1 and December 1, commencing on December 1, 2019, and on the maturity dates of the Series 2019A Senior Bonds, subject to optional and mandatory sinking fund redemption prior to maturity. The Series 2019A Senior Bonds will mature on December 1, 2048. The Series 2019A Senior Bonds will constitute limited tax general obligations of the District payable solely from the Senior Pledged Revenue and certain District Funds and accounts established by the Senior Pledged Revenue, which consists primarily of the revenues derived from a District property tax levy of not more than 52 mills subject to adjustment as described herein), and the portion of the specific ownership taxes on motor vehicles imposed by the State of Colorado. The Series 2019A Senior Bonds will constitute an irrevocable, but nonexclusive, first lien on the Senior Pledged Revenue and the amounts in such funds and accounts. The District made \$178,608 of interest payments in 2019 and incurred \$261,330 in interest expense for the year ended December 31, 2019 for these bonds.

The 2019B Subordinate Bonds bear a coupon interest rate of 8% per annum which is payable annually on December 15, commencing December 15, 2020. The 2019B Subordinate bonds mature on December 15, 2048. The 2019B Subordinate Bonds will also constitute limited tax general obligations of the District payable solely from and to the extent of Subordinate Pledged Revenue and certain District Funds and accounts established by the Subordinate Pledged Revenue, which consists primarily of the revenues derived from a District property tax levy of not more than 52 mills (subject to adjustment as described herein), and the portion of the specific ownership taxes on motor vehicles imposed by the State of Colorado. The Series 2019B Subordinate Bonds are structured as "cash flow" bonds. There are no scheduled payments of principal of the Series 2019B Subordinate Bonds prior to their maturity date, but rather the Subordinate Bonds are subject to mandatory redemption on each December 15 prior to maturity from and to the extent of any available Subordinate Pledged Revenues. All Series 2019B Subordinate Bonds and interest thereon will be deemed to be paid, satisfied and discharged on December 16, 2048, regardless of the amount of principal and interest paid on the Series 2019B Subordinate Bonds prior to such date. The District incurred \$82,667 in interest expense for the year ended December 31, 2019 for these bonds.

The 2019 Senior and Subordinate Limited Tax General Obligation Bonds will mature as follows:

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**2019A and 2019B Senior and Subordinate General Obligation Limited Tax Bonds**  
**(Continued)**

| <u>Year Ending December 31,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|---------------------------------|----------------------|----------------------|----------------------|
| 2020                            | \$ 65,000            | \$ 1,324,669         | \$ 1,389,669         |
| 2021                            | 255,000              | 1,322,719            | 1,577,719            |
| 2022                            | 335,000              | 1,309,969            | 1,644,969            |
| 2023                            | 350,000              | 1,293,219            | 1,643,219            |
| 2024                            | 395,000              | 1,275,719            | 1,670,719            |
| 2025-2029                       | 2,470,000            | 6,051,594            | 8,521,594            |
| 2030-2034                       | 3,440,000            | 5,334,594            | 8,774,594            |
| 2035-2039                       | 4,370,000            | 4,386,594            | 8,756,594            |
| 2040-2044                       | 5,585,000            | 3,178,844            | 8,763,844            |
| 2045-2048                       | 9,305,000            | 1,700,938            | 11,005,938           |
| Total                           | <u>\$ 26,570,000</u> | <u>\$ 27,178,858</u> | <u>\$ 53,748,858</u> |

**PRIVATE PLACEMENT LONG TERM OBLIGATIONS**

**Developer Advances**

In 2014, Developer agreed to advance the District funds of \$651,754 for eligible costs as defined by the Districts, of which a limited portion was for operation/administrative costs and the remaining portion was for capital. In 2015, the Developer advanced an additional \$9,989,060. In 2017, the District received \$375,000 in additional advances. In February of 2019, the District paid the outstanding principal balance of \$1,992,523 and \$157,200 of interest with proceeds from the Vectra Series 2019 Limited Tax General Obligation Note. From July 2019 through September 2019, the District received \$435,344 in additional advances, and those advances were paid off with the proceeds from the issuance of the 2019A and 2019B Senior and Subordinate General Obligation Limited Tax Bonds. All Developer Advances have an interest rate of 8.5%. Total interest expense incurred for the Developer advances was \$19,289 for the year ended December 31, 2019.

**Bond Anticipation Notes**

In December 2013, the District issued one or more series of subordinate notes, in a total principal amount not to exceed \$16,618,100, to be issued to the Developer, a related party (see Note 5), for outstanding amounts previously advanced to the District by the Developer for capital costs. The bond anticipation note (BAN) shall incur interest payable on June 1 and December 1, starting on June 1, 2014 at an annual interest rate of 8.5% per annum. The repayment of the 2013 Bond Anticipation Notes will be subordinate to any outstanding senior bonds.

The agreement states that the BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. The 2013 BAN matured on December 11, 2018. The District has the ability to consummate the refinancing the outstanding BAN in accordance with GASB No. 62, Paragraph 39. Based on this ability, the District has excluded the BAN from current liabilities as of December 31, 2019.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**Bond Anticipation Notes (Continued)**

In February of 2019, The District paid off \$364,059 of outstanding principal and \$1,337,988 of interest with proceeds from the issuance of the Vectra Series 2019 Limited Tax General Obligation Note. In September of 2019 the District paid off \$7,308,518 of outstanding principal and \$863,496 of interest with proceeds from the issuance of the 2019A and 2019B Senior and Subordinate General Obligation Limited Tax Bonds. The District incurred interest expense of \$1,222,909 for the year ended December 31, 2019. The outstanding balance of the BAN is represented below:

| <u>Year Ending December 31,</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|---------------------------------|---------------------|-------------------|---------------------|
| 2019                            | \$ 8,954,523        | \$ 198,541        | \$ 9,153,064        |
| Total                           | <u>\$ 8,954,523</u> | <u>\$ 198,541</u> | <u>\$ 9,153,064</u> |

**Series 2016 Note**

The District issued the 2016 Limited Tax Obligation Note on March 10, 2016 for an amount not to exceed \$10,000,000 through March 10, 2019. On February 3, 2017, the District executed an additional agreement under the same terms for an amount not to exceed \$5,600,000. The proceeds of such debt was used to refund a portion of the amounts due on the District's Developer Advances and pay costs of issuance on the Note. The District does not have optional prepayment of principal through the second anniversary of the date of the Note. A prepayment fee of 1% will be added to the principal balance if prepayment occurs after the second anniversary date but before the third anniversary date. No prepayment fee is incurred if prepayment occurs after the third anniversary date and before, the fifth anniversary date of the Note. On May 25, 2021, and each five year anniversary until the maturity date, the interest rate will reset to the Bank Qualified Tax-Exempt Rate on the reset date. Interest payments are due on June 1 and December 1 of each year.

In September of 2019, Colliers Hill Metropolitan District issued Senior and Subordinate Limited Tax Bonds Series 2019A and 2019B. The bond proceeds were used to pay off the remaining principal balance of \$15,474,259 and \$201,236 of interest. The District incurred \$460,455 of interest expense on the Series 2016 Note for the year ended December 31, 2019.

**Series 2019 Note**

The District issued the 2019 Limited Tax Obligation Note on February 8, 2019 for an amount not to exceed \$7,500,000 through December, 2048. The proceeds of such debt was used to refund a portion of the amounts due on the Bond Anticipation Note and Developer Advances and pay costs of issuance on the Note. The District may prepay the Loan on any day from the period beginning on March 14, 2019 and ending on June 1, 2021, or after the 3<sup>rd</sup> anniversary of any Rates Reset Date. Interest payments are due on June 1 and December 1 of each year. The District is subject to non-use fees in the amount of 0.25% of the unfunded portion computed on the basis of a 360-day year and actual days elapsed beginning on the commencement date of the Initial Advance stated above.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

On February 8, 2019, The District drew an initial advance of \$4,167,552, that was used to pay a portion of the outstanding BAN and outstanding developer advances. In September of 2019, The District paid the outstanding principal draw balance of \$4,167,552 and interest of \$66,553 with the proceeds from the issuance of the Senior and Subordinate Limited Tax Bonds Series 2019A and 2019B. The District incurred \$130,286 of interest expense and \$2,615 in non-use fees in 2019.

**Debt Authorization**

The District voters approved \$330,000,000 of revenue obligation debt in 2008 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District had remaining authorized but unissued indebtedness of \$294,456,486. 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 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT  
(SERVICE CONTRACT) AND OTHER AGREEMENTS**

**Warranty of Public Improvements**

In 2010, Community Development Group of Erie, Inc. (CDG of Erie, Inc) entered into a Development Agreement with the Town of Erie. As part of the agreement, CDG of Erie, Inc. on behalf of the District, was required to enter into an Improvement Guarantee (Guarantee) for a period of time sufficient to cover the completion of the public improvements. If CDG of Erie, Inc. is unable to complete the improvements then the Town of Erie has the right to call upon the Guarantee. The Guarantee could be in the form of cash, certified check, or a letter of credit.

On May 3, 2013 CDG of Erie, and the District entered into the agreement for the Filing 1 and Filing 2 Metro District and Erie Parkway improvements. At the date of the agreement the estimated cost to complete and balance of the letter of credit was \$5,801,611. As of December 31, 2019, the estimated cost to complete the remaining improvements and the remaining balance of the letters of credit are \$1,261,220.

On June 9, 2015 CDG of Erie, and the District entered into the agreement for the Filing 3 Colliers Hill Parkway and Metro District Public Improvements. At the date of the agreement the estimated cost to complete and balance of the letter of credit was \$3,346,750. As of December 31, 2019, the estimated cost to complete the remaining improvements and the remaining balance of the letters of credit are \$885,054.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 7 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT (SERVICE CONTRACT) AND OTHER AGREEMENTS (CONTINUED)**

On July 15, 2015 CDG of Erie, and the District entered into the agreement for the Filing 3 Erie Parkway Public Improvements Construction. At the date of the agreement the estimated cost to complete and balance of the letter of credit was \$1,195,043. As of December 31, 2019, the estimated cost to complete the remaining improvements and the remaining balance of the letters of credit are \$259,792.

**NOTE 8 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, 2019. 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.

**NOTE 8 RISK MANAGEMENT (CONTINUED)**

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 9 TAX, SPENDING AND DEBT LIMITATIONS**

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9 TAX SPENDING AND DEBT LIMITATIONS (CONTINUED)**

are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 6, 2008, 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 and qualification as an enterprise, will require judicial interpretation.

**NOTE 10 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position at December 31, 2019 of \$6,730 for TABOR.

Unrestricted net position totaled (\$34,478,657). This deficit is caused by the District financing infrastructure costs and conveying the infrastructure to the Town of Erie or the HOA while retaining the debt used to finance the infrastructure assets.

In 2019 the District received funding from proceeds received from the issuance of the senior and subordinate limited tax bonds Series 2019A and 2019B and such proceeds were sufficient to pay off the outstanding balances of the Series 2016 and Series 2019 Notes. The District's obligation to repay the 2013 BAN came due in December 2018. . The District did not restructure the 2013 BAN and has the ability to consummate the refinancing of the outstanding BAN in accordance with GASB No. 62, Paragraph 39. Based on this ability, the District has excluded this BAN from current liabilities as of December 31, 2019. The agreement states that the outstanding BAN is legally enforceable until principal is paid in full. The District paid off a portion of the outstanding principal and interest in 2019 with proceeds from the issuance of the Series 2019 Senior and Subordinate Limited Tax General Obligation Bonds. Repayment of the BAN is subordinate to the repayment of the newly issued Series 2019 Bonds.

Based on this ability, the District has excluded the BAN from current liabilities as of December 31, 2019.

The 2013 BAN will remain on the District's statement of net position as long-term debt until the obligation is paid.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

|                                                      | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------------------------|---------------------------------|------------------------------|--------------|---------------------------------------------------------|
| <b>REVENUES</b>                                      |                                 |                              |              |                                                         |
| Property Taxes                                       | \$ 103,694                      | \$ 99,850                    | 99,850       | \$ -                                                    |
| Specific Ownership Taxes                             | 50,772                          | 68,344                       | 68,344       | -                                                       |
| TIF Income                                           | 911,748                         | 914,716                      | 914,716      | -                                                       |
| Reimbursement Income                                 | 625,000                         | -                            | -            | -                                                       |
| Investment Income                                    | -                               | 9,533                        | 9,533        | -                                                       |
| Total Revenues                                       | 1,691,214                       | 1,092,443                    | 1,092,443    | -                                                       |
| <b>EXPENDITURES</b>                                  |                                 |                              |              |                                                         |
| Current:                                             |                                 |                              |              |                                                         |
| Treasurer Fees                                       | 15,232                          | 15,073                       | 15,073       | -                                                       |
| Audit                                                | 12,500                          | 11,600                       | 11,598       | 2                                                       |
| Accounting                                           | 30,000                          | 42,622                       | 42,622       | -                                                       |
| Insurance                                            | 3,500                           | 4,518                        | 4,518        | -                                                       |
| Legal                                                | 15,000                          | 11,679                       | 11,679       | -                                                       |
| Letter of Credit                                     | 49,300                          | 37,157                       | 37,157       | -                                                       |
| Miscellaneous                                        | 10,000                          | 1,003                        | 1,004        | (1)                                                     |
| Director Fees                                        | 60                              | 60                           | 60           | -                                                       |
| Capital Outlay                                       | 1,250,000                       | 1,224,638                    | 1,224,638    | -                                                       |
| Debt Service:                                        |                                 |                              |              |                                                         |
| Principal Payments                                   | 2,464,977                       | 29,714,263                   | 29,714,264   | (1)                                                     |
| Interest                                             | 2,946,054                       | 3,179,194                    | 3,179,194    | -                                                       |
| Loan Origination Fees                                | 100,000                         | 834,026                      | 700,336      | 133,690                                                 |
| Non-use Fees                                         | -                               | 2,615                        | 2,615        | -                                                       |
| Trustee Fees                                         | -                               | 9,000                        | 9,000        | -                                                       |
| Custodial Fees                                       | 4,500                           | 6,500                        | 6,500        | -                                                       |
| Total Expenditures                                   | 6,901,123                       | 35,093,948                   | 34,960,258   | 133,690                                                 |
| <b>EXCESS REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (5,209,909)                     | (34,001,505)                 | (33,867,815) | 133,690                                                 |
| <b>OTHER FINANCING SOURCES</b>                       |                                 |                              |              |                                                         |
| Proceeds from Developer Advances                     | 1,449,698                       | 435,344                      | 435,344      | -                                                       |
| Proceeds from Debt Instruments                       | 3,500,000                       | 33,828,448                   | 33,828,448   | -                                                       |
| Total Other Financing Sources                        | 4,949,698                       | 34,263,792                   | 34,263,792   | -                                                       |
| <b>NET CHANGE IN FUND BALANCE</b>                    | (260,211)                       | 262,287                      | 395,977      | 133,690                                                 |
| <b>FUND BALANCES -<br/>BEGINNING OF YEAR</b>         | 866,537                         | 817,679                      | 817,679      | -                                                       |
| <b>FUND BALANCES - END OF YEAR</b>                   | \$ 606,326                      | \$ 1,079,966                 | \$ 1,213,656 | \$ 133,690                                              |