

**SERRATOGA FALLS METROPOLITAN
DISTRICT NO.3**

TOWN OF TIMNATH, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2021



Crady, Puca & Associates

Certified Public Accountants & Consultants

**SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3
TOWN OF TIMNATH, COLORADO**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Serratoga Falls Metropolitan District No. 3

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Serratoga Falls Metropolitan District No. 3 as of and for the year ended December 31, 2021, and related notes to the financial statements, which collectively comprise Serratoga Falls Metropolitan District No. 3's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Serratoga Falls Metropolitan District No. 3 as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Serratoga Falls Metropolitan District No. 3, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Serratoga Falls Metropolitan District No. 3's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Serratoga Falls Metropolitan District No. 3's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Serratoga Falls Metropolitan District No. 3's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Serratoga Falls Metropolitan District No. 3's basic financial statements. The individual fund budgetary comparison schedules on pages 22 to 23 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Crady, Puca & Associates

Aurora, Colorado
March 11, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Serratoga Falls Metropolitan District No. 3
Statement of Net Position
December 31, 2021

	Total Governmental Activities
Assets:	
Cash and investments	\$ 179
Due from county treasurer	6,050
Property tax receivable	404,924
Cash and investments - restricted	1,775
Capital assets depreciated, net	<u>3,136,285</u>
Total assets	<u><u>3,549,213</u></u>
Liabilities:	
Accrued interest	896,890
Bonds and notes payable:	
Due within one year	-
Due in more than one year	<u>15,857,028</u>
Total liabilities	<u><u>16,753,918</u></u>
Deferred inflows of resources:	
Unavailable revenue - property tax	<u>404,924</u>
Total deferred inflows of resources	<u><u>404,924</u></u>
Net position:	
Net investment in capital assets	-
Restricted for emergencies	1,358
Restricted for debt	7,407
Unrestricted	<u>(13,618,394)</u>
Total net position	<u><u>\$ (13,609,629)</u></u>

The accompanying notes are an integral part of this financial statement.

Serratoga Falls Metropolitan District No. 3
Statement of Activities
For the Year Ended December 31, 2021

	Total Governmental Activities
Expenditures:	
Governmental activities:	
Bank and trustee fees	\$ 16
Treasurer fees	4,368
Intergovernmental fees	43,806
Conveyance of capital assets	12,066,373
Bond issuance costs	142,985
Depreciation expense	204,137
Interest expense	919,931
Total expenditures	<u>13,381,616</u>
General Revenues:	
Property tax revenue	218,240
Specific ownership tax	17,750
Forgiveness of debt	12,795
Interest income	224
Total general revenues	<u>249,009</u>
Change in net position	(13,132,607)
Net position, beginning of year	<u>(477,022)</u>
Net position, end of year	<u>\$ (13,609,629)</u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

Serratoga Falls Metropolitan District No. 3
Balance Sheet
Governmental Funds
December 31, 2021

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets:				
Cash and investments	\$ 179	\$ -	\$ -	\$ 179
Due from county treasurer	418	5,632	-	6,050
Property tax receivable	79,782	325,142	-	404,924
Cash and investments - restricted	-	1,775	-	1,775
Total assets	<u>\$ 80,379</u>	<u>\$ 332,549</u>	<u>\$ -</u>	<u>\$ 412,928</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Deferred inflows of resources				
Unavailable revenue - property tax	79,782	325,142	-	404,924
Total deferred inflows of resources	79,782	325,142	-	404,924
Fund balance:				
Restricted for emergencies	1,358	-	-	1,358
Restricted for debt service	-	7,407	-	7,407
Unassigned	(761)	-	-	(761)
Total fund balance	597	7,407	-	8,004
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 80,379</u>	<u>\$ 332,549</u>	<u>\$ -</u>	<u>\$ 412,928</u>

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

Total fund balance - governmental funds	\$ 8,004
Capital assets used governmental activities are not financial resources and therefore, are not reported in the funds.	3,136,285
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(16,753,918)</u>
Net position of governmental activities	<u>\$ (13,609,629)</u>

The accompanying notes are an integral part of this financial statement.

Serratoga Falls Metropolitan District No. 3
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Debt Service Fund	Capital Fund	Total Governmental Funds
Revenues:				
Property tax	\$ 42,095	\$ 176,145	\$ -	\$ 218,240
Specific ownership tax	3,037	14,713	-	17,750
Forgiveness of debt	-	12,795	-	12,795
Interest income	112	112	-	224
Total revenues	45,244	203,765	-	249,009
Expenditures:				
Current:				
General government:				
Bank and trustee fees	-	16	-	16
Treasurer fees	843	3,525	-	4,368
Intergovernmental fees	43,806	-	-	43,806
Debt Service:				
Interest	-	42,666	-	42,666
Principal	-	142,472	-	142,472
Bond issuance costs	-	142,985	-	142,985
Capital Outlay:	-	-	15,406,795	15,406,795
Total expenditures	44,649	331,664	15,406,795	15,783,108
Excess of revenue over (under) expenditures	595	(127,899)	(15,406,795)	(15,534,099)
Other financing sources (uses):				
Transfers	-	(12,795)	12,795	-
Issuance of bonds	-	143,000	15,394,000	15,537,000
Total other financing sources (uses)	-	130,205	15,406,795	15,537,000
Net change in fund balance	595	2,306	-	2,901
Fund balance, beginning of year	2	5,101	-	5,103
Fund balance, end of year	\$ 597	\$ 7,407	\$ -	\$ 8,004

The accompanying notes are an integral part of this financial statement.

Serratoga Falls Metropolitan District No. 3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

	Total Governmental Funds
	<hr/>
Net change in fund balance of the governmental funds	\$ 2,901
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or ultimately conveyed to other governmental entities.</p>	3,136,285
<p>The issuance of long-term debt 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. The amount is the net effect of these differences in the treatment of long-term debt.</p>	(15,394,528)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.</p>	<u>(877,265)</u>
Change in net position of governmental activities	<u><u>\$ (13,132,607)</u></u>

The accompanying notes are an integral part of this financial statement.

Serratoga Falls Metropolitan District No. 3
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:			
Property tax	\$ 42,594	\$ 42,095	\$ (499)
Specific ownership tax	2,130	3,037	907
Interest income	-	112	112
Total revenues	<u>44,724</u>	<u>45,244</u>	<u>520</u>
Expenditures:			
Current:			
General government:			
Treasurer fees	852	843	9
Intergovernmental fees	43,872	43,806	66
Total expenditures	<u>44,724</u>	<u>44,649</u>	<u>75</u>
Net change in fund balance	-	595	595
Fund balance, beginning of year	<u>585</u>	<u>2</u>	<u>(583)</u>
Fund balance, end of year	<u>\$ 585</u>	<u>\$ 597</u>	<u>\$ 12</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies

The accounting policies of the Serratoga Falls Metropolitan District No. 3 (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The District was formed in May 2006, under State of Colorado Statutes as a quasi-municipal corporation and is governed by a five-member elected Board of Directors pursuant to the provisions of the Colorado Special District Act (Title 32, Article I, Colorado Revised Statutes). The District was organized concurrently with Serratoga Falls Metropolitan Districts No. 1 and 2 (District Nos. 1-2), collectively referred to as the Districts. The Districts' service area is located in Larimer County, Colorado. The Districts were formed to provide public improvements to be dedicated to the Town of Timnath, Colorado or other governmental entities or retained by the Districts for the use and benefit of the residents and visitors of the Districts.

The District, along with District No. 2, were originally established as the financing districts with District No. 1 established as the operating district. In April 2016, District No. 2 amended and restated, in part, the original service plan with an Amended and Restated Service Plan. At this time, the District and District No. 1 entered into a separate service plan. Under the amended service plan, as the financing district, the District was established to provide funding for financing the construction, operation and maintenance of certain public improvements. District No. 1, as the operating district, was established to organize, finance, construct, own, manage and operate the public improvements for the service area.

The District complies with GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. 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 as defined by GASB.

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

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the governmental activities of the District which are financed primarily by property and specific ownership taxes.

1. **Summary of Significant Accounting Policies (continued)**

Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by general and program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include 1) fees or charges to citizens and other governmental entities that receive or directly benefit from services provided by a given function or program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues. The District does not have proprietary or fiduciary funds.

The fund financial statements provide information about the government's funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District not accounted for in another fund.

Debt Service Fund – accounts for all financial resources that are restricted, committed or assigned to expenditures for debt service.

Capital Projects Fund – accounts for all financial resources that are restricted, committed or assigned to capital projects including the acquisition or construction of infrastructure cost or other capital assets.

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at yearend are reported as due to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/(out). As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

The District may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and flexibility. As applicable, investment earnings are allocated periodically.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. As of December 31, 2021, the District did not hold any investments required to be reported under fair value.

Property Taxes

Property taxes are levied annually and attach as an enforceable lien on property as of January 1. At the option of the taxpayer, property taxes may be paid in full or in two equal installments. The first of such installment is to be paid as of February 28 and the second installment is to be paid no later than June 15. If elected to be paid in full, the amount is to be paid no later than April 30. If payments are not made timely, delinquent interest accrues. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. These amounts are recorded as revenue in the subsequent year when they are available or collected.

1. **Summary of Significant Accounting Policies (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include items such as parks and recreation and non-potable water systems, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Normal maintenance and repairs that do not add value to assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the capital assets. Depreciation is reported as a current charge in the statement of activities. Capital assets are depreciated using the straight-line method over the following estimated useful life of the assets of 15 years for parks and recreation.

The District conveyed certain assets to other governmental entities during the year in the amount of \$12,066,373.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In the current year, the District did not have any items in this reporting category.

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

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activity.

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classes of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not spendable in form which include items such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance (continued)

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's Board of Directors, the District's highest level of decision-making authority.

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. As of December 31, 2021, the District has not adopted a policy designating District personnel to determine amounts that may be assigned.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned, and then unassigned balances, in that order.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Transfers

During 2019, the District made a transfer from the debt service fund to the capital projects fund in the amount of \$12,795 for forgiveness of debt activity related to capital project assets.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds. The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

On or before October 15 of each year, the District's accountant submits to the Board of Directors a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

Prior to December 15, the District computes and certifies to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

The budget and the appropriating resolution are adopted prior to December 31.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end. Due to the transfer related to the forgiveness of debt related to the acceptance of capital, the debt fund expenditures exceeded budgeted expenditures by \$12,795.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2021

2. Stewardship, Compliance, and Accountability (continued)

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. Spending and revenue limits are determined 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 also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants and sales of assets). The District has reserved a portion of its December 31, 2021 year-end fund balance in the General Fund for emergencies as required under TABOR totaling \$1,358, which is the approximate required reserve as of December 31, 2021.

On May 2, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes on the Funds

Deposits and Investments

As of December 31, 2021, cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$ 179
Cash and investments - restricted	1,775
	<u>\$ 1,954</u>

The following is a summary of deposits and investments held by the District at December 31, 2021:

<u>Type</u>	<u>Ratings per Standard & Poor's</u>	<u>Total as of December 31, 2021</u>
Deposits with financial institutions		\$ 1,257
COLOTRUST PLUS+	AAAm	697
Total		<u>\$ 1,954</u>

3. Detailed Notes on the Funds (continued)

Deposits 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. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at a minimum of 102% of the aggregate uninsured deposits.

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

Investments

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

At December 31, 2021, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value method. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less.

Custodial Credit Risk: At December 31, 2021, all of the District's deposits were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Interest Rate Risk: Colorado Revised Statutes (CRS) limit investment maturities to five years or less unless formally approved by the Board. In accordance with CRS, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investments.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2021

3. Detailed Notes on the Funds (continued)

Investments (continued)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District follows the general provisions of CRS which limits the District's exposure to credit risk. CRS specify investment instruments meeting defined rating and risk criteria in which local governmental entities may invest. The allowed investments may include but are not limited to the following:

- Certain money market funds
- Local government investment pool

Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 15,406,795	\$ (15,406,795)	\$ -
Capital assets, not being depreciated	<u>-</u>	<u>15,406,795</u>	<u>(15,406,795)</u>	<u>-</u>
Capital assets being depreciated:				
Landscaping & Parks	-	3,340,422	-	3,340,422
Capital assets being depreciated	<u>-</u>	<u>3,340,422</u>	<u>-</u>	<u>3,340,422</u>
Less accumulated depreciation:				
Landscaping & Parks	-	(204,137)	-	(204,137)
Total accumulated depreciation	<u>-</u>	<u>(204,137)</u>	<u>-</u>	<u>(204,137)</u>
Capital assets being depreciated, net	<u>-</u>	<u>3,136,285</u>	<u>-</u>	<u>3,136,285</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 18,543,080</u>	<u>\$ (15,406,795)</u>	<u>\$ 3,136,285</u>

Depreciation expense of \$204,137 was charged to general government.

Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Placement and direct borrowings:					
Series 2016B Note	\$ 462,500	\$ -	\$ (142,472)	\$ 320,028	\$ -
Series 2021 Subordinate Bonds	-	11,550,000	-	11,550,000	-
Series 2021 Junior Lien Bonds	-	3,987,000	-	3,987,000	-
Governmental activities long-term debt	<u>\$ 462,500</u>	<u>\$ 15,537,000</u>	<u>\$ (142,472)</u>	<u>\$ 15,857,028</u>	<u>\$ -</u>

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

General Obligation Limited Tax Note, Series 2016B

In August 2016, the District issued a General Obligation Limited Tax Note in the amount of \$462,500 ("Series 2016B Note"). The Series 2016B Note was issued for the purpose of paying project costs incurred as part of the original development. The Series 2016B Note matures December 1, 2040 and bears an annual interest rate of 4.5% calculated on the basis of a 360-day year of actual days elapsed, payable to the extent of pledged revenue available, semiannually on each June 1 and December 1, commencing on June 1, 2016, until paid in full but no later than 40 years after the date of issuance.

The Series 2016B Note is subject to a mandatory sinking fund redemption, in part, by lot, commencing on December 1, 2016, and on each December 1 thereafter prior to maturity date of such note, upon payment of principal and accrued interest, without redemption premium, from deposits in the note fund.

The Series 2016B Note is secured by pledged revenues which include property tax revenue and other legally available moneys which the District determines, in its sole discretion, to credit the note fund. The required mill levy shall not be more than 25 mills, adjusted for changes in the method of calculating assessed valuations.

No events of default are outlined in the Series 2016B Note.

Subordinate Limited Tax General Obligation Bonds, Series 2021 and Taxable Junior Lien Limited Tax General Obligation Bonds, Series 2021

On January 26, 2021, the District issued private placement bonds with an affiliate of the Developer. The District issued \$11,550,000 of Subordinate Limited Tax General Obligation Bonds, Series 2021 ("2021 Subordinate Bonds") and \$3,987,000 of Taxable Junior Lien Limited Tax General Obligation Bonds, Series 2021 ("2021 Junior Bonds"). The 2021 Subordinate and 2021 Junior Bonds were issued for the purpose of financing a portion of public improvements and paying the costs of issuance.

The 2021 Subordinate Bonds bear interest at 6%, calculated on the basis of a 360-day year of twelve 30-day months, payable annually on each December 15, commencing on December 15, 2021, to the extent pledged revenue is available, maturing on December 15, 2058. The 2021 Junior Bonds bear interest at a rate of 7%, calculated on the basis of a 360-day year of twelve 30-day months, payable annually on December 15, commencing on December 15, 2021, to the extent that pledged revenue is available, maturing on December 15, 2058.

The 2021 Subordinate and 2021 Junior Bonds are cash flow bonds and are subject to mandatory sinking fund redemption commencing on December 15, 2021, to the extent of moneys on deposit, if any, in the subordinate or junior bond fund 15 days prior to the applicable interest rate payment date. Amounts shall be applied first to interest and then to principal after accrued interest has been paid.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

Subordinate Limited Tax General Obligation Bonds, Series 2021 and Taxable Junior Lien Limited Tax General Obligation Bonds, Series 2021 (continued)

The 2021 Subordinate and 2021 Junior Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 15, 2025, and on any date thereafter, upon payment of principal and accrued interest with redemption premiums ranging from 0% to 2%.

The 2021 Subordinate Bonds are secured by subordinate pledged revenues which include subordinate property tax revenue, net of costs of collection, and other legally available moneys which the District determines, in its sole discretion, to credit the subordinate bond fund. The subordinate mill levy is 40 mills less the senior mill levy or lesser amount to generate sufficient funds to pay bonds. The combined required mill levy shall not be more than 40 mills, adjusted for changes in the method of calculating assessed valuations.

The 2021 Junior Bonds are secured by junior pledged revenues which include junior property tax revenue, net of costs of collection, and other legally available moneys which the District determines, in its sole discretion, to credit the junior bond fund. The junior mill levy is 40 mills less the senior mill levy and the subordinate mill levy or lesser amount to generate sufficient funds to pay bonds. The combined required mill levy shall not be more than 40 mills, adjusted for changes in the method of calculating assessed valuations.

Events of default as defined in the bond resolution for the District's 2021 Subordinate and 2021 Junior Bonds include (1) failure by the District to impose the necessary required mill levy or apply the proceeds thereof as required by the bond resolution, (2) default by the District in performance or observance of any other covenants on the part of the District in the bond resolution, and failure to remedy after notice, and (3) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the bond purchase agreement. Failure to pay principal and interest on the bonds when due shall not, of itself, constitute an event of default. Remedies available in the event of default include receivership, suit, action, or special proceedings. The agreement shall terminate December 15, 2058.

Authorized Debt

As of December 31, 2021, the District had total authorized debt of \$200 million of which \$15,999,500 has been issued, leaving an authorized but unissued balance of \$184,000,500. Under the Service Plan, the District have total authorized debt of \$16,000,000, of which \$15,999,500 has been issued by the Districts, leaving an authorized but unissued balance of \$500.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements

December 31, 2021

4. Agreements

Amended and Restated Advance, Acquisition and Reimbursement Agreement

In January 2021, the District entered into an Amended and Restated Advance, Acquisition, and Reimbursement Agreement (Reimbursement Agreement) with Kitchell Lake Partners, LLC (Developer) for the purpose of understanding the commitment between the District and Developer related to the funding and repayment of certain costs including but not limited to reimbursable costs. Under the Reimbursement Agreement, the reimbursable costs of public improvements shall be based upon actual costs verified by the Developer and confirmed by the District's engineers.

On January 5, 2021, the District accepted the engineer's cost certification in the amount of \$15,394,000. Under the Reimbursement Agreement, if the District determines that it will not have sufficient funds to pay all or a portion of the anticipated costs of the public improvements or any such management, operating and/or administrative expenses of the District, the District shall estimate the anticipated shortfall and the District shall request Developer funding for such shortfall. Developer advances will incur interest at the rate of 7% per annum commencing on the date of acceptance or the date of each advance. The agreement shall end upon payment in full of the advances and the associated accrued interest or December 31, 2057, whichever date occurs first.

It was later determined that the engineer's cost certification included duplicated costs which resulted in a revised cost certification of \$15,406,795. Under the Reimbursement Agreement, the Developer had been reimbursed \$15,394,000 for public improvements. As a result of this, it was determined the developer would forgive the difference of \$12,795. No amounts were due to the Developer under this agreement as of December 31, 2021.

Inter-District Intergovernmental Agreement

In 2015, the District and District No. 1 entered into an Inter-District Intergovernmental Agreement (Inter-District IGA) for the purpose of implementation of their service plan. The Inter-District IGA established the operating and financing districts responsibilities noting that District No. 1, as the operating district, owned, operated and maintained all public improvements in the service area. Additionally, the District, as the Financing District, shall assign revenues from all sources to the operating district. As of December 31, 2021, revenue assigned to District No. 1 amounted to \$43,806. No amounts were due to District No. 1 under this agreement. The Inter-District IGA was amended subsequent to yearend, see Note 8.

5. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("the Pool"). The Pool is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

5. Risk Management (continued)

The District pays annual premiums to the Pool for auto, public official's liability, property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2021, the Pool has made no distributions nor required additional contributions from the District.

6. Related Party

One member of the Board of Directors is associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board. The District has a funding agreement with the Developer as noted in Note 4 and as part of the issuance of the 2021 Subordinate and 2021 Junior Bonds, the owners of the private placement bonds are associated with the Developer, see Note 3.

7. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. Explanation of the reconciling items is as follows:

Capital assets of \$3,340,422 less accumulated depreciation of \$204,137 or a net book value of \$3,136,285 are not financial resources and therefore are not reported in the funds.

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. The details of this difference are as follows:

Series 2016B note	\$ (320,028)
Series 2021 Subordinate bonds	(11,550,000)
Series 2021 Jr. Lien bonds	(3,987,000)
Accrued interest on bonds	(896,890)
Net adjustment	<u>\$ (16,753,918)</u>

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Explanation of the reconciling items is as follows:

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements

December 31, 2021

7. Reconciliation of Government-Wide and Fund Financial Statements (continued)

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or ultimately conveyed to other governmental entities. The details of this difference is as follows:

Capital outlay	\$	15,406,795
Conveyance of capital assets		(12,066,373)
Depreciation expense		(204,137)
Net adjustment	\$	<u>3,136,285</u>

The issuance of long-term debt 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. The details of this difference is as follows:

Series 2021 Subordinate Bonds issued	\$	(11,550,000)
Series 2021 Jr. Lien Bonds issued		(3,987,000)
Principal payment – Series 2016B Note		142,472
Net adjustment	\$	<u>(15,394,528)</u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference is as follows:

Interest on long-term debt	\$	<u>(877,265)</u>
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8. Subsequent Events

In April 2022, the District and District No. 1 entered into a Memorandum of Understanding (MOU) as a temporary agreement to be replaced by a permanent Amended and Restated Intergovernmental Agreement (Future IGA) to be negotiated by and between the Districts after the May 2022 election.

The MOU was entered into to set forth the basic rights and responsibilities of the District and District No. 1 due to reconfiguration of the Districts as set forth in the Amendment to the Amended and Restated Model Service Plan for District No. 1 and No. 3 (Amended Service Plan). Under the Amended Service Plan, District No. 1 is expected to include residential and commercial taxable property.

After reconfiguration, both the District and District No. 1, will be individually responsible for design, acquisition, installation, construction, relocating, funding, financing, operations, and maintenance of public improvements within each respective district. Each District will operate and maintain the public improvements it respectively owns. District No. 1 will own and control the non-potable water system. Certain non-potable water system improvements will be owned and maintained by the District.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements

December 31, 2021

8. Subsequent Events (continued)

Each District will be responsible for payment of 50% of the annual fee under the Recreational Improvements Agreement between District No. 1 and Kitchell Reservoir Company. The lease was entered into in July 2015 and is for 10 years with up to two, ten year renewal terms. The lease provides homeowners with recreational activities. Annual rent during the first year of the lease amounted to \$5,000, with annual adjustments of the greater of 2% of the prior year rental or the change in the consumer prices index. District No. 1 will operate and maintain any recreational improvements which are anticipated to include a community pool, clubhouse, dock and/or watercraft storage. District No. 1 will invoice the District for amounts due under this agreement.

In May 2023, the District and District No. 1 entered into an Amended and Restated Inter-District Intergovernmental Agreement (Amended IGA) to amend and restate in their entirety the original Inter-District IGA and MOU. Under the Amended IGA, the District and District No. 1 shall be individually responsible for design, acquisition, installation, construction, installation, relocation, funding, financing, operation, and maintenance of public improvements within each respective district except as outlined in the agreement.

Each District will operate and maintain the public improvements it respectively owns. District No. 1 will own and control the non-potable water system. Certain non-potable water system improvements will be owned and maintained by the District. Each District will be responsible for payment of 50% of the annual fee under the Recreational Improvements Agreement between the District and Kitchell Reservoir Company.

In connection with the Amended IGA, in May 2023, the District also entered into an Agreement and Release Agreement with District No. 1 and Kitchel Lake Partners, LLC and Kitchel Lake Development Corporation (collectively the "Developers"). District No. 1, as the operating district, incurred costs associated with the operations of District. As District No. 1 is no longer the operating district for the District, the Developers will pay District No. 1 \$181,940 for expenses incurred by District No. 1 on behalf of the District. This amount shall not be repaid by the District or District No. 1. Upon receipt of the payment from the Developers, the District shall release the Developers of any and all obligations to the District with regard to public improvements and District No. 1 shall release the District with regard to any obligations to reimburse District No. 1 for costs paid on behalf of the District as the operating district.

SUPPLEMENTARY INFORMATION

Serratoga Falls Metropolitan District No. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:				
Property tax	\$ 176,347	\$ 176,347	\$ 176,145	\$ (202)
Specific ownership tax	8,817	13,739	14,713	974
Forgiveness of debt	-	-	12,795	12,795
Interest income	-	104	112	8
Total revenues	<u>185,164</u>	<u>190,190</u>	<u>203,765</u>	<u>13,575</u>
Expenditures:				
Current:				
General government:				
Treasurer fees	3,527	3,527	3,525	2
Bank and trustee fees	-	16	16	-
Debt service:				
Interest	38,022	42,665	42,666	(1)
Principal	143,477	142,472	142,472	-
Bond issuance costs	-	142,985	142,985	-
Total expenditures	<u>185,026</u>	<u>331,665</u>	<u>331,664</u>	<u>1</u>
Excess of revenues over (under) expenditures	138	(141,475)	(127,899)	13,576
Other financing sources (uses):				
Transfers	-	-	(12,795)	(12,795)
Issuance of bonds	-	143,000	143,000	-
Total other financing sources (uses)	<u>-</u>	<u>143,000</u>	<u>130,205</u>	<u>(12,795)</u>
Net change in fund balance	138	1,525	2,306	781
Fund balance, beginning of year	<u>2,228</u>	<u>5,101</u>	<u>5,101</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,366</u>	<u>\$ 6,626</u>	<u>\$ 7,407</u>	<u>\$ 781</u>

The accompanying notes are an integral part of this financial statement.

Serratoga Falls Metropolitan District No. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final
Revenues:			
Tap fees	\$ 706,822	\$ -	\$ (706,822)
Total revenues	<u>706,822</u>	<u>-</u>	<u>(706,822)</u>
Expenditures:			
Current:			
General government:			
Tap fee	706,822	-	706,822
Capital outlay:	20,000,000	15,406,795	4,593,205
Total expenditures	<u>20,706,822</u>	<u>15,406,795</u>	<u>5,300,027</u>
Excess of revenues over (under) expenditures	(20,000,000)	(15,406,795)	4,593,205
Other financing sources (uses):			
Transfers	-	12,795	12,795
Issuance of bonds	20,000,000	15,394,000	(4,606,000)
Total other financing sources (uses)	<u>20,000,000</u>	<u>15,406,795</u>	<u>(4,593,205)</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.