

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Broomfield Village Metropolitan District No. 2
City and County of Broomfield, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Broomfield Village Metropolitan District No. 2 (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District'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 the District, as of December 31, 2022, and the respective changes in financial position and the 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 Opinion

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 the District, 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 opinion.

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 the District'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 opinion. 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 the District'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 the District'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 not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

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

Hiratsuka & Associates, LLP

January 11, 2024
Wheat Ridge, Colorado

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments - restricted	\$ -	\$ 1,276,167	\$ 271	\$ 1,276,438	\$ -	\$ 1,276,438
Receivable county treasurer	-	1,616	-	1,616	-	1,616
Receivable Urban Renewal	17,541	175,415	-	192,956	-	192,956
Property taxes receivable	37,689	459,674	-	497,363	-	497,363
Accounts receivable - Flatiron Market Place	-	6,739	-	6,739	-	6,739
Accounts receivable - City of Broomfield	-	35,094	-	35,094	-	35,094
Capital assets not being depreciated	-	-	-	-	4,296,924	4,296,924
Total Assets	<u>\$ 55,230</u>	<u>\$ 1,954,705</u>	<u>\$ 271</u>	<u>\$ 2,010,206</u>	<u>4,296,924</u>	<u>6,307,130</u>
LIABILITIES						
Accrued interest on bonds	\$ -	\$ -	\$ -	\$ -	2,620,759	2,620,759
Long-term liabilities						
Due within one year	-	-	-	-	170,000	170,000
Due in more than one year	-	-	-	-	33,799,290	33,799,290
Total Liabilities	-	-	-	-	36,590,049	36,590,049
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding	-	-	-	-	1,657,327	1,657,327
Deferred receivable Urban Renewal	17,541	175,415	-	192,956	-	192,956
Deferred property taxes	37,689	459,674	-	497,363	-	497,363
Total Deferred Inflows of Resources	<u>55,230</u>	<u>635,089</u>	<u>-</u>	<u>690,319</u>	<u>1,657,327</u>	<u>2,347,646</u>
FUND BALANCE						
Restricted for						
Emergencies	20	-	-	20	(20)	-
Debt service	-	1,319,616	-	1,319,616	(1,319,616)	-
Capital projects	-	-	271	271	(271)	-
Unassigned	(20)	-	-	(20)	20	-
Total Fund Balances	-	1,319,616	271	1,319,887	(1,319,887)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 55,230</u>	<u>\$ 1,954,705</u>	<u>\$ 271</u>	<u>\$ 2,010,206</u>		
NET POSITION						
Restricted for:						
Emergencies					20	20
Capital projects					271	271
Unrestricted					(32,630,856)	(32,630,856)
Total Net Position (Deficit)					<u>\$ (32,630,565)</u>	<u>\$ (32,630,565)</u>

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES						
Treasurer's fees	\$ 461	\$ 5,853	\$ -	\$ 6,314	\$ -	\$ 6,314
Bond interest - Series 2011	-	244,000	-	244,000	273,135	517,135
Bond interest - Series 2021	-	587,500	-	587,500	(56,379)	531,121
Bond principal - Series 2021	-	80,000	-	80,000	(80,000)	-
Capital improvements	-	-	742,441	742,441	(742,441)	-
Transfer to Flatiron Marketplace MD	30,461	-	-	30,461	-	30,461
Trustee/paying agent fees/TIF	-	10,500	-	10,500	-	10,500
Developer advance interest	-	-	-	-	11,606	11,606
Total Expenditures	<u>30,922</u>	<u>927,853</u>	<u>742,441</u>	<u>1,701,216</u>	<u>(594,079)</u>	<u>1,107,137</u>
GENERAL REVENUES						
Property taxes	39,725	481,055	-	520,780	-	520,780
Urban renewal-TIF	(8,929)	(90,153)	-	(99,082)	-	(99,082)
Specific ownership taxes	-	25,754	-	25,754	-	25,754
Interest income	126	25,060	1,055	26,241	-	26,241
Total General Revenues	<u>30,922</u>	<u>441,716</u>	<u>1,055</u>	<u>473,693</u>	<u>-</u>	<u>473,693</u>
INTERGOVERNMENTAL REVENUES						
Sales tax revenues	-	242,289	-	242,289	-	242,289
Total Intergovernmental revenues	-	242,289	-	242,289	-	242,289
Total revenues	<u>30,922</u>	<u>684,005</u>	<u>1,055</u>	<u>715,982</u>	<u>-</u>	<u>715,982</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	-	(243,848)	(741,386)	(985,234)	594,079	(391,155)
OTHER FINANCING SOURCES (USES)						
Developer advance	-	-	394,998	394,998	(394,998)	-
Total Other Financing Sources (Uses)	-	-	394,998	394,998	(394,998)	-
CHANGE IN FUND BALANCE						
	-	(243,848)	(346,388)	(590,236)	199,081	
CHANGE IN NET POSITION						
						(391,155)
FUND BALANCE/DEFICIT NET POSITION						
BEGINNING OF YEAR	-	1,563,464	346,659	1,910,123	(34,149,533)	(32,239,410)
END OF YEAR	<u>\$ -</u>	<u>\$ 1,319,616</u>	<u>\$ 271</u>	<u>\$ 1,319,887</u>	<u>\$ (33,950,452)</u>	<u>\$ (32,630,565)</u>

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 39,634	\$ 39,725	\$ 91
Urban renewal-TIF	(8,940)	(8,929)	11
Urban renewal-TIF	8,940	-	(8,940)
Interest income	100	126	26
Total Revenues	<u>39,734</u>	<u>30,922</u>	<u>(8,812)</u>
EXPENDITURES			
Transfer to Flatiron Marketplace MD	39,255	30,461	8,794
Treasurer's fees	461	461	-
Emergency reserve	18	-	18
Total Expenditures	<u>39,734</u>	<u>30,922</u>	<u>8,812</u>
CHANGE IN FUND BALANCE	-	-	-
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Broomfield Village Metropolitan District No. 2 ("District"), located in the City and County of Broomfield, Colorado ("Broomfield"), conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized as a quasi-municipal organization established under the State of Colorado Special District Act. The District's service area is located entirely within the limits of Broomfield. The District has the power to provide water, sanitation, storm drainage, streets, traffic and safety controls, park and recreation improvements and other related improvements for the benefit of the taxpayers and service users within the boundaries of the District. The District was organized concurrently with Broomfield Village Metropolitan District No. 1 ("District No.1"). The District was established to finance the construction, operation and maintenance of the facilities located within the District and District No. 1. All of the improvements were constructed by District No.1. The District's Service Plan required District No.1 to convey the constructed improvements to Broomfield or other entities for ownership and maintenance. On August 16, 2006, District No. 1 deeded all capital assets not previously conveyed to Broomfield to the District by way of a Special Warranty Deed for \$10. Concurrently, District No. 1 was dissolved. Upon the dissolution of District No. 1, the District served as both the financing district and the servicing district. As such, the District is responsible for the financing activities and for providing day to day operations and administrative management. On April 22, 2020, the District approved a District Coordinating Services Agreement with an effective date of October 1, 2019, between the District and Flatiron Marketplace Metropolitan District ("Flatiron"). Flatiron became the Coordinating District and the District the Financing District, Flatiron agreed to perform the administrative services as outlined in the agreement and the District agreed to fund these costs based upon approved budgets.

The District's primary revenues are property taxes, developer advances, sales tax revenues and various pledged tax revenue related to the redevelopment agreement. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity.

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

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

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end. The District amended its total appropriations in the Capital Projects Fund from \$348,341 to \$750,000 due to expected additional capital improvements. Total expenditures in the Debt Service Fund exceeded total appropriations which may be a violation of State budget law.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Deposits and Investments

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

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting under this category at December 31, 2022.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available, a deferred gain on refunding that is reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred Urban Renewal revenue is deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Gain on Refunding

The gain on refunding from the issuance of the 2011 Bonds is being amortized over the terms of the bonds using the straight line method. The original issue premium related to the Series 2021 Bonds is being amortized over the term of the bonds using the effective interest method. Accumulated amortization of gain on refunding and the original issue premium amounted to \$2,009,140 and \$82,978 respectively at December 31, 2022.

Capital Assets

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. On August 16, 2006, District No. 1 transferred all of the capital assets constructed by District No.1 to the District by way of Special Warranty Deed. The capital assets have been recorded at their book value net of accumulated depreciation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. During 2021, the District conveyed the parking garage to other governmental entities.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Fund Equity

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

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

The restricted fund balance in the Debt Service Fund in the amount of \$1,319,616 is restricted for the payment of the debt service costs associated with the District's Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$271 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund; all funds can report negative amounts.

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. At December 31, 2022, the District did not have any net investment in capital assets to report.

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

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

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

Note 2: Cash and Investments

As of December 31, 2022, cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – Restricted	<u>\$ 1,276,438</u>
Total	<u>\$ 1,276,438</u>

Cash and investments as of December 31, 2022 consist of the following:

Investments – COLOTRUST	\$1,145,782
Investments – MSILF Treasury	<u>130,656</u>
Total	<u>\$ 1,276,438</u>

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Deposits

Custodial Credit Risk

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

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Investment Valuation

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

Credit Risk

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

As of December 31, 2022, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”), is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. 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. There are no unfunded commitments and there is no redemption notice period. On December 31, 2022, the District had \$1,145,782 invested in COLOTRUST Plus+.

Morgan Stanley Treasury Portfolio

The District’s funds that were included in the trust accounts at UMB Bank were invested in the Morgan Stanley Treasury Portfolio (“Portfolio”). This Portfolio is a money market fund and each share is equal in value to \$1.00. All investments within the Portfolio are recorded at fair value and the District records its investment in the Portfolio at NAV. The Portfolio is AAAM rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The maturity of the underlying securities is 15 days or less. As of December 31, 2022, the District has \$130,656 invested in the fund.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2021
Governmental Type Activities:				
Construction in progress	\$ 3,554,483	\$ 742,441	\$ -	\$ 4,296,924
Government type assets, net	<u>\$ 3,554,483</u>	<u>\$ 742,441</u>	<u>\$ -</u>	<u>\$ 4,296,924</u>

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2022, is as follows:

Special Obligation Revenue Bonds – Series 2011

On March 23, 2011, the District issued \$22,600,000 of Special Revenue Variable Rate Refunding Bonds, Series 2011 (“Series 2011 Bonds”) to refund the Special Obligation Revenue Bonds, Series 2003A, 2003B and 2003C. The Bonds are cash flow bonds due July 1, 2032.

The Series 2011 Bonds bear variable interest at a rate equal to LIBOR plus 1.50% (150 basis points), but not in excess of 8.50% per annum (the "Interest Rate"), calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds shall be payable to the extent of Pledged Revenue available therefore on each July 1 and January 1, commencing on July 1, 2011. The initial Interest Rate will be established as of the date of issuance of the Bonds, and shall apply until the first interest payment date. Thereafter, the Interest Rate shall be determined and reset as of each July 1 and January 1. Subsequent to year end, the LIBOR rate will no longer be available, it was determined that the appropriate substitute index will be SOFR.

The Series 2011 Bonds are subject to mandatory redemption prior to maturity, as a whole or in integral multiples of \$5,000, on any July 1, upon payment of par plus accrued interest, without redemption premium to the extent that the Pledged Revenue available exceeds the amount required to pay the interest on the bonds on July 1st.

The Series 2011 Bonds are subject to redemption prior to maturity at the option of the District on any interest payments date upon payment of par and accrued interest plus a redemption premium of 1%. The Series 2011 Bonds are payable solely from payments of certain sales tax receipts to be made to the District by Broomfield pursuant to the Amended Sales Tax Reimbursement Agreement. During 2021, the District was unable to pay the required interest payment from the available sales tax revenue, the unpaid balance is included in accrued interest, this is not an event of default.

Due to the uncertainty of the timing of the principal and interest on the Series 2011 Bonds, a schedule of the timing of these payments is not available.

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

General Obligation Limited Tax and Revenue Refunding Bonds Series 2021 A-1

On June 8, 2021, the District issued \$7,320,000 of General Obligation Limited Tax and Revenue Refunding Bonds, Series 2021 A-1 ("Series 2021 A-1 Bonds"), to refund the General Obligation Limited Tax Refunding and Improvement Bonds, Series 2003. The Series 2021A-1 Bonds are term bonds due December 1, 2049, with mandatory sinking fund payments starting December 1, 2022. The Series 2021 A-1 Bonds bear interest at 5.00%, to be paid on June 1 and December 1 of each year. The Series 2021 A-1 Bonds are payable from Pledged Revenue, which includes the following: (i) the 2021A-1 Required Mill Levy, including any District TIF produced from the imposition of the 2021A-1 Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the 2021A-1 Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as 2021A-1 Pledged Revenue. The 2021A-1 Bonds are additionally secured by the 2021A-1 Reserve Fund, which will be funded with proceeds of the 2021A-1 Bonds capitalized interest, and by amounts in the 2021A-1 Surplus Fund. The 2021A-1 Surplus Fund will not be funded as of the date of issuance of the 2021A-1 Bonds.

The 2021A-1 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, on December 1, 2026, through November 30, 2029 upon payment of par, accrued interest, and a redemption premium ranging from 3% to 1%. On December 1, 2029 and any date thereafter, the District may redeem the Series 2021 A-1 Bonds without a redemption premium.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2021 A-1 Bonds.

	Principal	Interest	Total
2023	\$ 80,000	\$ 362,000	\$ 442,000
2024	90,000	358,000	448,000
2025	95,000	353,500	448,500
2026	110,000	348,750	458,750
2027	115,000	343,250	458,250
2028-2032	740,000	1,619,500	2,359,500
2033-2037	1,060,000	1,404,000	2,464,000
2038-2042	1,490,000	1,098,500	2,588,500
2043-2047	2,035,000	674,000	2,709,000
2048-2049	1,425,000	118,000	1,543,000
	<u>\$ 7,240,000</u>	<u>\$ 6,679,500</u>	<u>\$ 13,919,500</u>

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

General Obligation Limited Tax and Revenue Bonds Series 2021 A-2

On June 8, 2021, the District issued \$4,430,000 of General Obligation Limited Tax and Revenue Bonds, Series 2021 A-2 ("Series 2021 A-2 Bonds"), to fund and reimburse a portion of the costs of acquiring, constructing and installing certain public improvements. The Series 2021A-2 Bonds are term bonds due December 1, 2049, with mandatory sinking fund payments beginning December 1, 2023. The Series 2021 A-2 Bonds bear interest at 5.00%, to be paid on June 1 and December 1 of each year. The Series 2021 A-2 Bonds are payable from Pledged Revenue, which includes the following: (i) the 2021A-2 Required Mill Levy, including any District TIF produced from the imposition of the 2021A-2 Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the 2021A-2 Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as 2021A-2 Pledged Revenue. The 2021A-2 Bonds are additionally secured by the 2021A-2 Reserve Fund, which will be funded with proceeds of the 2021A-2 Bonds capitalized interest, and by amounts in the 2021A-2 Surplus Fund.

The 2021A-2 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, on December 1, 2024, through November 30, 2029 upon payment of par, accrued interest, and a redemption premium ranging from 3% to 1%. On December 1, 2029 and any date thereafter, the District may redeem the Series 2021 A-1 Bonds without a redemption premium.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2021 A-2 Bonds.

	Principal	Interest	Total
2023	\$ 90,000	\$ 221,500	\$ 311,500
2024	100,000	217,000	317,000
2025	105,000	212,000	317,000
2026	115,000	206,750	321,750
2027	120,000	201,000	321,000
2028-2032	755,000	905,000	1,660,000
2033-2037	1,055,000	687,000	1,742,000
2038-2042	950,000	410,500	1,360,500
2043-2047	610,000	220,500	830,500
2048-2049	530,000	46,500	576,500
	<u>\$ 4,430,000</u>	<u>\$ 3,327,750</u>	<u>\$ 7,757,750</u>

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Developer Advance

On October 23, 2013 the District entered into to an Operations Funding Agreement with Flatiron Marketplace 2013, L.P., (“Flatiron”), whereby Flatiron agreed to provide advances to the District for Operations and Maintenance costs up to \$40,000. This agreement had an initial termination date of December 31, 2014 but may be renewed on an annual basis pursuant to an annual review. A renewal is currently being discussed by the parties, with the Developer paying parking garage expenses directly until finalized.

Public Improvements Acquisition and Reimbursement Agreement

On October 6, 2020, the District entered into the Public Improvements Acquisition, and Reimbursement Agreement with Residences At Flatiron Marketplace, LP, a Texas limited partnership (“Developer”). Under this agreement, the District agrees to acquire all or a portion of the public improvements which are intended to be conveyed to the District for ownership, operation and maintenance after the Costs have been certified. Upon acceptance, the District will accept financial responsibility to reimburse Developer for such costs. The reimbursement obligation accepted will bear interest of 6.5%. Total amount due at December 31, 2022 under this agreement was \$406,604 including interest of \$11,606.

The following is an analysis of changes in long-term debt for the period ending December 31, 2022:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
<u>General Obligation Bonds:</u>					
Series 2021 A-1	\$ 7,320,000	\$ -	\$ 80,000	\$ 7,240,000	\$ 80,000
Series 2021 A-2	4,430,000	-	-	4,430,000	90,000
	11,750,000	-	80,000	11,670,000	170,000
<u>Other:</u>					
Series 2011 Bonds	20,875,000	-	-	20,875,000	-
Developer advance - Capital	-	406,604		406,604	-
Developer advance - Operations	56,527	-	-	56,527	-
	20,931,527	406,604	-	21,338,131	-
Premium	1,017,205	-	56,046	\$ 961,159	-
	<u>\$33,698,732</u>	<u>\$ 406,604</u>	<u>\$ 136,046</u>	<u>\$ 33,969,290</u>	<u>\$ 170,000</u>

Debt Authorization

As of December 31, 2022, the District had remaining voted debt authorization of approximately \$735,000,000. The District did not budgeted to issue any new debt during 2022. 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, however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 5: Related Party

All of the Board of Directors are either employees of, or consultants to, the owner of the majority of the property within the District.

The District and the landowner have entered into a management agreement with the landowner where the landowner has agreed to provide management services to the District for a fee equal to 15% of the annual maintenance costs. The District did not incur any management fees during the year ended December 31, 2022.

Note 6: Tax, Spending and Debt Limitations

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

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

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

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

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The Colorado Special Districts Property and Liability 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.

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

Note 8: District Agreements

Intergovernmental Agreement – Broomfield

The District and Broomfield have entered into an Intergovernmental Agreement as required by Broomfield's Code and the District's Service Plan. The District entered into the agreement with Broomfield to define the arrangements for the construction of facilities within the Districts. The District issued revenue bonds to pay for the facilities. Broomfield agreed to set aside 65% of its sales and use taxes collected within the service areas of the District to help pay for the facilities constructed by the Districts. Broomfield's obligation to pay such taxes ends in 2032 or when the costs of the facilities have been reimbursed. These amounts are recognized as Sales Tax Revenues on the attached financial statements.

The District is required to fund, on an annual basis, the amount of actual service costs that it would be capable of funding through property tax revenue and other fee revenue.

Amended and Restated Service Plan

On September 11, 2018, Broomfield approved an Amended and Restated Service Plan for the District. The Service Plan was amended to (1) provide a updated Financial Plan incorporating current development and build-out assumptions and resultant debt capacity; (2) to authorize debt in accordance with the capacity shown in the Financial Plan; (3) to establish the District's debt service mill levy cap at 50 mills; and (4) to authorize limited operations functions for those operations, not otherwise provided by another entity, including operation and maintenance of landscape, streetscape, drainage, and parks and trails.

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Agreement Pertaining to Redevelopment of Flatiron Marketplace Lifestyle District

On January 20, 2019, the District, Broomfield, the Broomfield Urban Renewal Authority (BURA), Flatiron Marketplace 2013, LP (FM 2013), and Flatiron Marketplace Metropolitan District entered into the Agreement Pertaining to Redevelopment of Flatiron Marketplace Lifestyle District. The FM 2013 and the District agreed to cooperate to repair and restore the parking structure such that certain areas within the parking structure will provide private parking that is designated for and restricted to use by the multi-family component of the redevelopment and certain areas within the parking structure will provide parking for the general public. Pursuant to the Parking Rights Declaration (Recorded on June 16, 2000 at Reception No. 2053621), Broomfield may acquire the parking structure and the parcel from the District without charge. In order to facilitate the restoration, repair, and deferred maintenance, and integration of the parking structure into the redevelopment, Broomfield assigned its acquisition right to BURA. Pursuant to the Agreement the District will convey the parcel and the parking structure to BURA without charge, and BURA will convey the parcel and the parking structure to FM 2013 or their designee without charge. This conveyance occurred during 2021 with the refunding of the Series 2003 Bonds (see Note 4).

Pursuant to the Agreement, the City will remit Pledged Revenues to pay Eligible Costs incurred to redevelop the Project, These pledged revenues include Sales Tax, Use Tax, Lodging Tax, SEF and Property Taxes at rates which are outlined in the agreement. Flatiron Marketplace Metropolitan District has assigned these revenues to the District.

Parking Easement Agreement

On October 1, 2019, the District and Residences at Flatiron Marketplace LP (Builder), entered into a Parking Easement Agreement (Easement). The Easement grants the Builder the right to access the parking structure, and the parcel of land on which the parking structure is located, in order to perform capital improvements, repairs and deferred maintenance. The Easement also reserves parking spaces for the residents of the multi-family buildings that will be adjacent to the parking structure and outlines the terms under which the reserved parking spaces can be used. The Easement also designates the Builder as the operator and manager of the parking structure. Operating costs are allocated between the District and the Builder based on the percentage of spaces each party controls.

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and,
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds; and,
- 3) Deferred gain on refunding is not a financial resource and therefore is not reported in the funds.

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

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

- 1) Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) Government funds do not report conveyance of capital improvements as expenditures;
- 3) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;;
- 4) governmental funds report bond proceeds as revenue; and,
- 5) governmental funds report the repayment of bond principal as expenditures; however, these are reported as reductions in long-term liabilities on the Statement of Net Position.

SUPPLEMENTAL INFORMATION

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2022

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Sales tax revenues	\$ 150,000	\$ 242,289	\$ 92,289
Property taxes	479,682	481,055	1,373
Urban renewal-TIF	-	(90,153)	(90,153)
Urban renewal-TIF	-	-	-
Specific ownership taxes	28,102	25,754	(2,348)
BURA	25,669	-	(25,669)
Interest income	<u>1,000</u>	<u>25,060</u>	<u>24,060</u>
Total Revenues	<u>684,453</u>	<u>684,005</u>	<u>(448)</u>
EXPENDITURES			
Bond interest - Series 2011	150,000	244,000	(94,000)
Bond interest - Series 2021	587,500	587,500	-
Bond principal - Series 2021	80,000	80,000	-
Trustee/paying agent fees/TIF	13,000	10,500	2,500
Treasurer's fees	<u>16,285</u>	<u>5,853</u>	<u>10,432</u>
Total Expenditures	<u>846,785</u>	<u>927,853</u>	<u>(81,068)</u>
CHANGE IN FUND BALANCE	(162,332)	(243,848)	(81,516)
FUND BALANCE - BEGINNING OF YEAR	<u>1,661,515</u>	<u>1,563,464</u>	<u>(98,051)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,499,183</u>	<u>\$ 1,319,616</u>	<u>\$ (179,567)</u>

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

BROOMFIELD VILLAGE METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Interest income	\$ -	\$ -	\$ 1,055	\$ 1,055
Total Revenues	-	-	1,055	7,559
EXPENDITURES				
Capital improvements	348,846	750,000	742,441	7,559
Total Expenditures	348,846	750,000	742,441	7,559
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(348,846)	(750,000)	(741,386)	15,118
OTHER FINANCING SOURCES (USES)				
Developer advance	-	401,154	394,998	(6,156)
Total Other Financing Sources (Uses)	-	401,154	394,998	(6,156)
CHANGE IN FUND BALANCE	(348,846)	(348,846)	(346,388)	8,962
FUND BALANCE - BEGINNING OF YEAR	348,846	348,846	346,659	(2,187)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 271	\$ 6,775

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