

VERVE METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2022
with
Independent Auditors' Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditors' Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	21
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Capital Projects Fund	22

Independent Auditors' Report

Board of Directors
Verve Metropolitan District No. 1
Jefferson and Broomfield Counties, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Verve Metropolitan District No. 1 (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Verve Metropolitan District No. 1 as of December 31, 2022, 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 (“GAAS”). 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 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 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 GAAS 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 GAAS, 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.

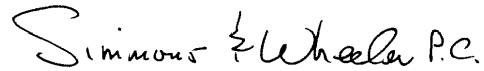
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary schedules and property tax information listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The budgetary schedules have 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 financial statements or to 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 budgetary schedules are fairly stated in all material respects in relation to the financial statements as a whole.

 Simmons & Wheeler P.C.

Englewood, CO
May 24, 2023

Verve Metropolitan District No. 1

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash	\$ 217,897	\$ -	\$ -	\$ 217,897	\$ -	\$ 217,897
Cash - restricted	10,000	7,387,727	14,508,442	21,906,169	-	21,906,169
Receivable County Treasurer	568	2,554	-	3,122	-	3,122
Property taxes receivable	110,211	495,948	-	606,159	-	606,159
Receivable - other	-	141,695	47,528	189,223	-	189,223
Prepaid expenses	6,682	-	-	6,682	-	6,682
Total Assets	<u>\$ 345,358</u>	<u>\$ 8,027,924</u>	<u>\$14,555,970</u>	<u>\$22,929,252</u>	<u>-</u>	<u>22,929,252</u>
LIABILITIES						
Accounts payable	\$ 6,957	\$ -	\$ 509,249	\$ 516,206	-	516,206
Accrued interest	-	-	-	-	195,258	195,258
Long-term liabilities:						
Due in more than one year	-	-	-	-	44,379,053	44,379,053
Total Liabilities	<u>6,957</u>	<u>-</u>	<u>509,249</u>	<u>516,206</u>	<u>44,574,311</u>	<u>45,090,517</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	110,211	495,948	-	606,159	-	606,159
Total Deferred Inflows of Resources	<u>110,211</u>	<u>495,948</u>	<u>-</u>	<u>606,159</u>	<u>-</u>	<u>606,159</u>
FUND BALANCE						
Nonspendable:						
Prepays	6,682	-	-	6,682	(6,682)	-
Restricted:						
Emergencies	10,000	-	-	10,000	(10,000)	-
Debt service	-	7,531,976	-	7,531,976	(7,531,976)	-
Capital projects	-	-	14,046,721	14,046,721	(14,046,721)	-
Unassigned	211,508	-	-	211,508	(211,508)	-
Total Fund Balances	<u>228,190</u>	<u>7,531,976</u>	<u>14,046,721</u>	<u>21,806,887</u>	<u>(21,806,887)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resource and Fund Balances	<u>\$ 345,358</u>	<u>\$ 8,027,924</u>	<u>\$14,555,970</u>	<u>\$22,929,252</u>		
NET POSITION						
Restricted for:						
Emergencies					10,000	10,000
Debt service					7,336,718	7,336,718
Capital projects					14,046,721	14,046,721
Unrestricted					(44,160,863)	(44,160,863)
Total Net Position (Deficit)					<u>\$ (22,767,424)</u>	<u>\$ (22,767,424)</u>

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

Verve Metropolitan District No. 1

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 Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting	\$ 30,155	\$ -	\$ -	\$ 30,155	\$ -	\$ 30,155
Audit	6,000	-	-	6,000	-	6,000
Office expenses/miscellaneous	6,108	-	-	6,108	-	6,108
Insurance	7,534	-	-	7,534	-	7,534
Legal	52,565	-	-	52,565	-	52,565
Bank fees	476	-	-	476	-	476
Treasurer's fees	1,867	8,892	-	10,759	-	10,759
Snow removal	26,416	-	-	26,416	-	26,416
Electrical	786	-	-	786	-	786
Irrigation	9,035	-	-	9,035	-	9,035
Landscape management	67,494	-	-	67,494	-	67,494
Repairs and replacements	666	-	-	666	-	666
Trustee fees	-	4,000	-	4,000	-	4,000
Bond interest	-	2,122,000	-	2,122,000	(86,116)	2,035,884
Capital outlay	-	-	10,891,762	10,891,762	-	10,891,762
Total Expenditures	<u>209,102</u>	<u>2,134,892</u>	<u>10,891,762</u>	<u>13,235,756</u>	<u>(83,448)</u>	<u>13,152,308</u>
GENERAL REVENUES						
Property taxes	130,383	586,854	-	717,237	-	717,237
Facilities fees	-	141,696	-	141,696	-	141,696
Specific ownership taxes	8,820	39,690	-	48,510	-	48,510
Interest income	110	132,179	269,541	401,830	-	401,830
Total General Revenues	<u>139,313</u>	<u>900,419</u>	<u>269,541</u>	<u>1,309,273</u>	<u>-</u>	<u>1,309,273</u>
NET CHANGES IN FUND BALANCES	(69,789)	(1,234,473)	(10,622,221)	(11,926,483)	11,926,483	
CHANGE IN NET POSITION					(11,843,035)	(11,843,035)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>297,979</u>	<u>8,766,449</u>	<u>24,668,942</u>	<u>33,733,370</u>	<u>(44,657,759)</u>	<u>(10,924,389)</u>
END OF YEAR	<u>\$ 228,190</u>	<u>\$ 7,531,976</u>	<u>\$ 14,046,721</u>	<u>\$ 21,806,887</u>	<u>\$ (44,574,311)</u>	<u>\$ (22,767,424)</u>

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

Verve Metropolitan District No. 1

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

For the Year Ended December 31, 2022

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 130,383	\$ 130,000	\$ 130,383	\$ 383
Specific ownership taxes	10,000	11,000	8,820	(2,180)
Interest income	<u>-</u>	<u>1,000</u>	<u>110</u>	<u>(890)</u>
Total Revenues	<u>140,383</u>	<u>142,000</u>	<u>139,313</u>	<u>(2,687)</u>
EXPENDITURES				
Accounting	31,000	36,000	30,155	5,845
Audit	5,000	6,000	6,000	-
Office expenses/miscellaneous	6,000	8,000	6,108	1,892
Insurance	6,500	7,000	7,534	(534)
Legal	38,000	55,000	52,565	2,435
Election expense	6,500	6,500	-	6,500
Bank fees	-	-	476	(476)
Treasurer's fees	1,956	3,000	1,867	1,133
Snow removal	18,000	20,000	26,416	(6,416)
Electrical	8,000	8,000	786	7,214
Irrigation	7,000	7,000	9,035	(2,035)
Landscape management	10,000	20,000	67,494	(47,494)
Repairs and replacements	9,000	9,000	666	8,334
Winter watering	2,000	2,000	-	2,000
Annual planting	2,000	-	-	-
Common area maintenance	20,000	90,000	-	90,000
Emergency reserve	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>180,956</u>	<u>287,500</u>	<u>209,102</u>	<u>78,398</u>
NET CHANGE IN FUND BALANCE	(40,573)	(145,500)	(69,789)	75,711
FUND BALANCE:				
BEGINNING OF YEAR	<u>273,315</u>	<u>297,979</u>	<u>297,979</u>	<u>-</u>
END OF YEAR	<u>\$ 232,742</u>	<u>\$ 152,479</u>	<u>\$ 228,190</u>	<u>\$ 75,711</u>

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

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Verve Metropolitan District No. 1 (the “District”), located in Jefferson County, Colorado (the “County”) and 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 on June 10, 2014 by Order and Decree of the District Court for Jefferson County, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance, construct, own, operate and maintain the public improvements for the property within and without its Service Area for the benefit of the citizens of the District as per the District’s Service Plan. The District’s primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

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

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

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

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 flow. Property taxes are recognized as revenues in the year for which they are levied.

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.

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

The District reports the following 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 all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

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

Budgetary Accounting

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

During October 2022, the District amended its total appropriations in the General Fund, Debt Service Fund, and Capital Projects Fund as reflected in the financial statements.

Assets, liabilities and net position

Fair value of financial instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 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.

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Deposits and Investments

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

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

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 assets 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 to report in this category as of 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

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

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

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

At December 31, 2022, all capital expenditures have been made on behalf of the County and the related assets are owned and maintained by the County; therefore, no capital assets are reflected on the financial statements of the District.

Property Taxes

Property taxes are levied by the District upon all taxable property of the District. The District is comprised of property in the County as well as Broomfield (per an Order for Inclusion of the District Court of the County, recorded in the real property records of the County and Broomfield). The levy is based on assessed valuations determined by the applicable county assessor generally as of January 1 of each year. The levy is normally set during December by certification to the applicable county commissioners to put the tax lien on the individual properties as of January 1 of each year. The applicable 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 and tax sales are in November. The applicable county treasurer remits the taxes collected monthly to the District.

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

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.

Series 2021 Bond Premium

The bond premium from the issuance of the Series 2021 Bonds is being amortized over the term of the bonds using the effective interest method. At December 31, 2022, the accumulated amortization of the bond premium was \$144,962.

VERVE METROPOLITAN DISTRICT NO. 1

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.

The nonspendable fund balance in the General Fund in the amount of \$6,682 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$10,000 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 \$7,531,976 is restricted for the payment of the debt service costs associated with the Series 2021 Bonds (see Note 3).

The restricted fund balance in the Capital Projects Fund in the amount of \$14,046,721 is restricted for the payment of the future capital expenditures.

Unassigned Fund Balance

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

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

VERVE METROPOLITAN DISTRICT NO. 1

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 or resources related to those assets. At December 31, 2022, the District did not have anything to report in this category.

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	\$ 217,897
Cash and investments – restricted	<u>21,906,169</u>
	\$ <u>22,124,066</u>

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

Deposits with financial institutions	\$ 57,788
Investments – CSAFE	<u>22,066,278</u>
	\$ <u>22,124,066</u>

VERVE METROPOLITAN DISTRICT NO. 1

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 does not have a formal policy for deposits. As of December 31, 2022, none of the District’s deposits were exposed to custodial credit risk.

Investments

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.

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 CSAFE investment’s value is calculated using the amortized cost method.

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

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

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust (“CSAFE”), is rated AAAMmf by Fitch Ratings with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians’ internal records identify the investments owned by CSAFE. At December 31, 2022, the District had \$22,066,278 invested in CSAFE.

Note 3: Long-Term Debt

The District has issued the following long-term obligations:

\$42,440,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2021

On March 25, 2021, the District issued \$42,440,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2021 (“Series 2021 Bonds”). The Series 2021 Bonds have a final maturity date of December 1, 2051, and bear interest at the rate of 5.0% payable semiannually on each June 1 and December 1, commencing on June 1, 2021. The Series 2021 Bonds are subject to mandatory sinking fund redemption commencing on December 1, 2031, and are subject to optional prepayments as of March 1, 2026, with a redemption premium until March 1, 2029. The Series 2021 Bonds are payable solely from Pledged Revenues from the District defined by the Indenture as 1) the Required Mill Levy, 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and 3) any other legally available funds which the District determines to transfer to the Trustee for application as Pledged Revenue. The proceeds of the Series 2021 Bonds were used to finance public improvements related to the development of the District, refund a loan in the maximum principal amount of \$10,000,000 from Zions Bancorporation, N.A., dba Vectra Bank Colorado, National Association (the “Lender”) to the District, issued on September 23, 2015 and amended on October 23, 2018 (the “Series 2015 Loan”), fund a deposit to the Surplus Fund, and pay the costs of issuance of the Series 2021 Bonds.

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2022

As a result of the issuance of the Series 2021 Bonds, the refunded Series 2015 Loan was paid in full and the liabilities have been removed from the governmental activities column of the statement of net position. The refunding resulted in an economic loss of approximately \$3,800,521 due to extending the maturities of the bonds from 2046 to 2051 and by providing additional funds for improvements, capitalized interest and funding the Surplus Fund.

Events of Default as defined by the Series 2021 Bond Indenture include 1) prior to the Conversion Date, the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture, 2) on or after the Conversion Date, the District fails to pay the principal of, premium if any, or interest on the Bonds when due, 3) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof pursuant to the Indenture and 4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2021 Bonds. Due to the limited nature of the Pledged Revenue, prior to the Conversion Date, the failure to pay the principal of or interest on the Series 2021 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. However, the application of any portion of the Pledged Revenue to any purpose other than deposit with the Trustee in accordance with the provisions of the Indenture constitutes a violation of the terms of the Indenture and a breach of the covenants made thereunder. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2021 Bonds is not an available remedy for an Event of Default.

The following is a summary of changes in long-term debt for the year:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
<u>General Obligation Bonds:</u>					
Series 2021 Bonds	\$ 42,440,000	\$ -	\$ -	\$ 42,440,000	\$ -
Series 2021 Premium	<u>1,991,815</u>	<u>-</u>	<u>86,116</u>	<u>1,905,699</u>	<u>-</u>
	<u>44,431,815</u>	<u>-</u>	<u>86,116</u>	<u>44,345,699</u>	<u>-</u>
<u>Other:</u>					
Developer Advance - Operating	<u>33,354</u>	<u>-</u>	<u>-</u>	<u>33,354</u>	<u>-</u>
	<u>33,354</u>	<u>-</u>	<u>-</u>	<u>33,354</u>	<u>-</u>
Total	<u>\$ 44,465,169</u>	<u>\$ -</u>	<u>\$ 86,116</u>	<u>\$ 44,379,053</u>	<u>\$ -</u>

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2022

The following is a summary of the annual long-term debt principal and interest requirements related to the Series 2021 Bonds:

	Principal	Interest	Total
2023	\$ -	\$ 2,122,000	\$ 2,122,000
2024	-	2,122,000	2,122,000
2025	-	2,122,000	2,122,000
2026	-	2,122,000	2,122,000
2027	-	2,122,000	2,122,000
2028 - 2032	560,000	10,605,250	11,165,250
2033 - 2037	5,060,000	10,086,000	15,146,000
2038 - 2042	9,625,000	8,306,250	17,931,250
2043 - 2047	13,245,000	5,557,500	18,802,500
2048 - 2051	13,950,000	1,793,750	15,743,750
	<u>\$ 42,440,000</u>	<u>\$ 46,958,750</u>	<u>\$ 89,398,750</u>

The District had no unused lines of credit at December 31, 2022.

Debt Authorization

As of December 31, 2022, the District had remaining voted debt authorization of approximately \$2,052,740,863 for public improvements, operation and maintenance expenses, refunding debt and intergovernmental agreements. The District budgeted to issue new debt during 2023 to fund capital expenditures. Per the District’s Service Plan, the District has a combined debt limit of \$175,000,000 with Verve Metropolitan District Nos. 2-4, of which \$132,404,672 remains (See note 9).

Note 4: Other Agreements

Operation Funding Agreement

On July 9, 2014, the District and Urban Frontier RMMA, LLC (“Developer”) entered into an agreement whereby the Developer agreed to advance funds necessary to cover the estimated shortfall for the District’s operations and maintenance expenses for the fiscal years 2014 and 2015 up to an estimated amount of \$30,000 (“2014-2015 OFA”). The Advances under the 2014-2015 OFA will accrue interest at the rate of 8% until paid. On November 19, 2015, the 2014-2015 OFA was amended to increase the estimated shortfall amount to \$75,000 and extend the term of the agreement to December 31, 2016. The obligation of the Developer to advance funds to the District under the First Amendment to the 2014-2015 OFA expired on March 15, 2017 and the obligation of the District to reimburse the Developer shall expire on December 31, 2046.

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Facilities Funding and Acquisition Agreement

On July 9, 2014, the District and the Developer entered into a Facilities Funding and Acquisition Agreement as amended by the First Amendment to Facilities Funding and Acquisition Agreement, dated October 22, 2020, with an effective date of August 31, 2020, the Second Amendment to Facilities Funding and Acquisition Agreement, with an effective date of March 15, 2021, the Third Amendment to Facilities Funding and Acquisition Agreement, with an effective date of October 27, 2022, and the Fourth Amendment to Facilities Funding and Acquisition Agreement, dated June 22, 2023, with an effective date of July 9, 2014 (“FFAA”). Under the FFAA, the District agreed to reimburse the Developer for organization expenses paid by the Developer as well as costs for review, verification and approval of these costs, and interest thereon from the organization of the District until the payment date at the rate of 8%. The Developer further agreed to advance funds necessary to fund the construction related expenses incurred by the District as needed from 2014 through 2024 up to the shortfall amount of \$110,461,000, but subject to additional funding by the Developer if requested and approved. The District also agreed to acquire certain improvements that have been designed, constructed and completed by the Developer upon verification of costs from an independent engineer and agreed to reimburse the Developer and/or make direct payment to vendors on behalf of the Developer for the verified costs up to the short-fall amount. Interest at 8% shall accrue on Developer advances for construction related expenses, however, all parties agree that no payment is due by the District to the Developer unless and until the District issues bonds sufficient to make this reimbursement or obtains other funding not pledged for other purposes. In addition, the District’s obligation to reimburse the Developer is subject to the District’s obligation to reimburse West 112th (defined below) for construction costs pursuant to the West 112th FFRA (defined below).

Facilities Funding and Reimbursement Agreement

On August 31, 2020, the District and West 112th Avenue Bloomfield CO, LLC (“West 112th”) entered into a Facilities Funding and Reimbursement Agreement (“West 112th FFRA”). Pursuant to the West 112th FFRA, West 112th agreed to construct certain water improvements benefiting the District, and the District agreed to reimburse the costs of the water improvements from proceeds from the Series 2015 Loan and a loan in the maximum principal amount of \$9,905,000 from the Lender to the District, issued on November 9, 2018 (the “Series 2018 Loan”). The estimated costs of the water improvements was \$51,800. The District is obligated to reimburse West 112th in the amount of Certified Construction Costs (as defined in the West 112th FFRA). The District has appropriated the funds to reimburse West 112th and is holding those funds, to be released upon the satisfaction of the conditions stated in the West 112th FFRA.

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Resolution Regarding the Imposition of Facilities Fees

On December 11, 2014, the District adopted Resolution 2014-12-06, Resolution regarding the Imposition of Facilities Fees recorded at Reception No. 2015002746 on January 9, 2015, in the office of the Jefferson County Clerk and Recorder, to impose a facilities fee of \$0.50 per gross square foot intended for non-residential use for which a building permit is required on all buildings located within the boundaries of the District. The facilities fee is payable on or before the date of the issuance of a building permit by the jurisdictional entity issuing such permit. The revenues from this fee have been pledged to the payment of bonds or any indebtedness of the District. On March 15, 2021, the District adopted Resolution No. 2021-03-02, Amended and Restated Resolution regarding the Imposition of Facilities Fees recorded at Reception No. 2021079246 on May 24, 2021, in the office of the Jefferson County Clerk and Recorder, and at Reception No. 2021010049 on May 24, 2021, in the office of the Broomfield County Clerk and Recorder, to update the legal description of the Property. During 2022, the District recorded Facilities Fees which were received early in 2023 in the amount of \$141,696.

Development Agreement

On January 16, 2015, Jefferson County, State of Colorado (the “County”) and SunCap Boulder, LLC (“SunCap”) entered into a Development Agreement related to the sale of certain property from SunCap to the County whereby the County agreed to construct certain improvements on said property (“Development Agreement”). The responsibility for the construction of the improvements defined as the “Post Closing Work” in the Development Agreement was subsequently delegated to the District under the Intergovernmental Agreement by and between the District and the County, discussed below.

County IGA

On January 16, 2015, the District entered into the County IGA. Under the County IGA, the District agreed to construct certain improvements within a 26 acre parcel of land known as the Verve Innovation Park. These improvements include roadway improvements, drainage improvements and certain utilities which shall be provided to the property line.

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Intergovernmental Agreement regarding the Construction of and Reimbursement for SunCap Public Improvements among the District, the County and the Developer (“RMMA IGA”)

On January 16, 2015, the District, the County and the Developer entered into the RMMA IGA whereby the District agreed to construct certain Project Improvements as defined in the RMMA IGA with a total estimated cost of \$2,189,078, subject to receipt of funding from proceeds of the SunCap closing. The District accepted delegation of the County’s duties and obligations for the Project Improvements per the Development Agreement. SunCap agreed to deposit 105% of the Estimated Project Costs into an escrow account with Land Title Guarantee Company, and subject to an Escrow & Disbursement Agreement between the District, SunCap, the County, and Land Title Guarantee Company (“Escrow Agreement”). If the actual project cost is lower than initially bid, the District shall refund the balance of the Project Funds at the completion of the project as directed by the County and the Developer. The Escrow Agreement also provides that subject to available funding, the District agrees to reimburse the County for the Actual Project Costs. A portion of the amount advanced under the Escrow Agreement was repaid with the proceeds of the Series 2015 Loan.

Agreement for Sale of Mitigation Credits

On June 29, 2021, the District and Westervelt Ecological Services entered into an Agreement for Sale of Mitigation Credits – Big Thompson Confluence Mitigation Bank (Bank USACE File No. NOW-2016-00852-DEN), whereby Westervelt Ecological Services, as the developer of the Big Thompson Confluence Mitigation Bank, agreed to sell 0.18 wetland credits to the District and the District agreed to purchase the same for the purchase price of \$45,000. The wetland credits will be used to compensate for the loss of wetlands caused by the District’s expansion of West 112th Avenue.

Availability of Funds and Step-In Rights Agreement

On December 22, 2021, the District, the Developer, and SIF IISC Verve Owner, LLC (“Owner”), entered into an Availability of Funds and Step-In Rights Agreement (the “Step-In Agreement”). Pursuant to the Step-In Agreement, the Developer is obligated to construct certain off-site improvements on behalf of the County necessary to developer property within the boundaries of the District owned by Owner. A portion of the cost of such improvements may be reimbursable by the District in accordance with the terms of the FFAA. It is estimated that the reimbursable portion of the improvements is approximately \$4,639,583. The District agrees to use proceeds from the Series 2021 Bonds to pay for the portion of the improvements deemed reimbursable pursuant to the terms of the FFAA or in accordance with the terms of the Step-In Agreement if the Owner exercises its step-in rights relative to the construction of said improvements.

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2022

Note 5: Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed by the Board.

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.

On May 6, 2014, 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.

VERVE METROPOLITAN DISTRICT NO. 1

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 District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

Note 8: 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 have the following elements:

- (1) Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

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

- 1) 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; and,
- 2) 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.

VERVE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2022

Note 9: Subsequent Event

On February 9, 2023, the District issued \$40,010,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement Bonds, Series 2023 (“2023 Bonds”), for the purpose of (i) financing public improvements related to the Development; (ii) financing capitalized interest on the 2023 Bonds; (iii) funding a deposit to the Surplus Fund; and (iv) paying the cost of issuing the 2023 Bonds. The 2023 Bonds bear interest at rates that range from 5.750% to 6.750% with payments due semiannually on June 1 and December 1 commencing June 1, 2023, and have a final maturity date of December 1, 2052. The 2023 Bonds are payable to the extent of the availability of Pledged Revenue which includes the Required Mill Levy, the portion of Specific Ownership Taxes collected as a result of the Required Mill Levy, Facilities Fees, and any other legally available moneys as determined by the District to transfer to the Trustee for application as Pledged Revenue.

SUPPLEMENTAL INFORMATION

Verve Metropolitan District No. 1

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

For the Year Ended December 31, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 524,950	\$ 587,000	\$ 586,854	\$ (146)
Facilities fees	-	150,000	141,696	(8,304)
Specific ownership taxes	35,000	40,000	39,690	(310)
Interest income	<u>1,800</u>	<u>100,000</u>	<u>132,179</u>	<u>32,179</u>
Total Revenues	<u>561,750</u>	<u>877,000</u>	<u>900,419</u>	<u>23,419</u>
EXPENDITURES				
Bond interest	2,122,000	2,122,000	2,122,000	-
Treasurer's fees	7,874	9,000	8,892	108
Trustee fees	6,000	4,000	4,000	-
Office expenses/miscellaneous	<u>1,500</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Expenditures	<u>2,137,374</u>	<u>2,136,000</u>	<u>2,134,892</u>	<u>1,108</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,575,624)	(1,259,000)	(1,234,473)	24,527
OTHER FINANCING SOURCES				
Transfer from other funds	<u>-</u>	<u>12,000,000</u>	<u>-</u>	<u>(12,000,000)</u>
Total Other Financing Sources	<u>-</u>	<u>12,000,000</u>	<u>-</u>	<u>(12,000,000)</u>
NET CHANGE IN FUND BALANCE	(1,575,624)	10,741,000	(1,234,473)	(11,975,473)
FUND BALANCE:				
BEGINNING OF YEAR	<u>8,685,760</u>	<u>8,453,120</u>	<u>8,766,449</u>	<u>313,329</u>
END OF YEAR	<u>\$ 7,110,136</u>	<u>\$ 19,194,120</u>	<u>\$ 7,531,976</u>	<u>\$ (11,662,144)</u>

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

Verve Metropolitan District No. 1

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 <u>(Unfavorable)</u>
REVENUES				
Facilities fees	\$ 300,000	\$ -	\$ -	\$ -
Interest income	<u>7,000</u>	<u>180,000</u>	<u>269,541</u>	<u>89,541</u>
Total Revenues	<u>307,000</u>	<u>180,000</u>	<u>269,541</u>	<u>89,541</u>
EXPENDITURES				
Bond issuance costs	-	1,200,000	-	1,200,000
Capital outlay	<u>25,000,000</u>	<u>12,000,000</u>	<u>10,891,762</u>	<u>1,108,238</u>
Total Expenditures	<u>25,000,000</u>	<u>13,200,000</u>	<u>10,891,762</u>	<u>2,308,238</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(24,693,000)	(13,020,000)	(10,622,221)	2,397,779
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	38,000,000	-	(38,000,000)
Transfer to/from other funds	<u>-</u>	<u>(12,000,000)</u>	<u>-</u>	<u>12,000,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>26,000,000</u>	<u>-</u>	<u>(26,000,000)</u>
NET CHANGE IN FUND BALANCE				
	(24,693,000)	12,980,000	(10,622,221)	(23,602,221)
FUND BALANCE:				
BEGINNING OF YEAR	<u>24,814,174</u>	<u>24,358,942</u>	<u>24,668,942</u>	<u>310,000</u>
END OF YEAR	<u>\$ 121,174</u>	<u>\$ 37,338,942</u>	<u>\$ 14,046,721</u>	<u>\$ (23,292,221)</u>

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