

The Point Metropolitan District

Arapahoe County, Colorado

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

Table of Contents

Independent Auditor's Report	1-3
------------------------------	-----

Basic Financial Statements

Government-wide Financial Statements:

Balance Sheet/Statement of Net Position – Governmental Funds	4
--	---

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds	5
---	---

Statement of Revenues, Expenditures, and Changes in Fund Balance— Budget and Actual – General Fund	6
---	---

Notes to Financial Statements	7-25
-------------------------------	------

Supplemental Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	27
--	----

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	28
--	----



COLORADO CPA COMPANY

Independent Auditor's Report

Board of Directors
The Point Metropolitan District
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Point Metropolitan District (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 Point Metropolitan District 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 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 judgement 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.

Required Supplemental Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Point Metropolitan District's basic financial statements. The supplemental information as listed in the table of contents is not a required part of the basic financial statements.

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

Colorado CPA Company PC

Highlands Ranch, Colorado
July 31, 2023

The Point Metropolitan District
Balance Sheet/Statement of Net Position
Governmental Funds
December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash and investments	\$ (31,385)	\$ -	\$ -	\$ (31,385)	\$ -	\$ (31,385)
Cash and investments - restricted	-	90,689	776,768	867,457	-	867,457
Cash and investments - reserve account	-	662,637	-	662,637	-	662,637
Cash and investments - AURA reserve	-	-	-	-	-	-
Receivable from County Treasurer	238	794	-	1,032	-	1,032
Property taxes receivable - 2023	5,468	10,253	-	15,721	-	15,721
Due from Developer	49,675	159,248	102,410	311,333	(49,675)	261,658
Prepaid expenses	2,526	-	-	2,526	-	2,526
Capital assets, net of accumulated depreciation	-	-	-	-	10,113,390	10,113,390
Total assets	<u>\$ 26,522</u>	<u>\$ 923,621</u>	<u>\$ 879,178</u>	<u>\$ 1,829,321</u>	10,063,715	11,893,036
Liabilities						
Accounts payable	\$ 20,100	\$ -	\$ -	\$ 20,100	-	20,100
ARI payable	954	-	-	954	-	954
Accrued interest on long-term obligations	-	-	-	-	30,132	30,132
Long-term liabilities:						
Due within one year	-	-	-	-	343,251	343,251
Due within more than one year	-	-	-	-	10,246,074	10,246,074
Total liabilities	<u>21,054</u>	<u>-</u>	<u>-</u>	<u>21,054</u>	10,619,457	10,640,511
Deferred inflows of resources						
Deferred property taxes	5,468	10,253	-	15,721	-	15,721
Total deferred inflows of resources	<u>5,468</u>	<u>10,253</u>	<u>-</u>	<u>15,721</u>	-	15,721
Fund balances/net position						
Fund balances:						
Nonspendable:						
Prepaid expenses	2,526	-	-	2,526	(2,526)	-
Restricted:						
Debt service	-	913,368	-	913,368	(913,368)	-
Capital Projects	-	-	879,178	879,178	(879,178)	-
Unassigned	(2,526)	-	-	(2,526)	2,526	-
Total fund balances	<u>-</u>	<u>913,368</u>	<u>879,178</u>	<u>1,792,546</u>	<u>(1,792,546)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,522</u>	<u>\$ 923,621</u>	<u>\$ 879,178</u>	<u>\$ 1,829,321</u>		
Net position:						
Restricted for:						
Debt Service					913,368	913,368
Capital Projects					879,178	879,178
Unrestricted					(555,742)	(555,742)
Total net position					<u>\$ 1,236,804</u>	<u>\$ 1,236,804</u>

Note: the accompanying notes are an integral part of these financial statements.

The Point Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Expenditures/expenses						
Contractors	\$ 2,670	\$ -	\$ -	\$ 2,670	\$ -	\$ 2,670
Directors fees	300	-	-	300	-	300
Legal and professional fees	24,096	3,500	-	27,596	-	27,596
Insurance	-	-	-	-	-	-
Management fees	2,500	-	-	2,500	-	2,500
Miscellaneous	58	-	-	58	-	58
Repairs and maintenance	11,698	-	-	11,698	-	11,698
Regional Mill Levy (ARI)	954	-	-	954	-	954
Snow removal	10,834	-	-	10,834	-	10,834
Treasurer's fees	50	166	-	216	-	216
Utilities	3,061	-	-	3,061	-	3,061
Debt service:						
Loan and developer advance interest	-	378,190	-	378,190	121,133	499,323
Capital improvements	-	-	23,419	23,419	(23,419)	-
Total expenditures/expenses	56,221	702,097	23,419	781,737	(222,527)	559,210
General revenues						
Property taxes	3,322	11,073	-	14,395	-	14,395
Specific ownership taxes	3,224	10,748	-	13,972	-	13,972
Sales tax revenues	-	1,133,549	-	1,133,549	-	1,133,549
Interest income and miscellaneous	-	12,467	6,252	18,719	-	18,719
Total general revenues	6,546	1,167,837	6,252	1,180,635	-	1,180,635
Excess (deficiency) of revenues over expenditures	(49,675)	465,740	(17,167)	398,898	222,527	621,425
Other financing sources (uses)						
Developer advances	49,675	-	-	49,675	(49,675)	-
Transfer (to)/from other funds	-	(462,386)	462,386	-	-	-
Net other financing sources (uses)	49,675	(462,386)	462,386	49,675	(49,675)	-
Net changes in fund balances	-	3,354	445,219	448,573	(448,573)	
Change in net position					621,425	621,425
Fund balances / net position						
Beginning of year	-	910,014	433,959	1,343,973	(728,594)	615,379
End of year	<u>\$ -</u>	<u>\$ 913,368</u>	<u>\$ 879,178</u>	<u>\$ 1,792,546</u>	<u>\$ (555,742)</u>	<u>\$ 1,236,804</u>

Note: the accompanying notes are an integral part of these financial statements.

The Point Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Expenditures				
Contractors	\$ -	\$ -	\$ 2,670	\$ (2,670)
Directors fees	500	500	300	200
Legal and professional fees	15,600	15,600	24,096	(8,496)
Insurance	2,500	2,500	-	2,500
Management fees	2,500	2,500	2,500	-
Miscellaneous	300	300	58	242
Repairs and maintenance	-	24,799	11,698	13,101
Regional Mill Levy (ARI)	1,780	1,780	954	826
Snow removal	-	-	10,834	(10,834)
Treasurer's fees	21	21	50	(29)
Utilities	-	-	3,061	(3,061)
Total expenditures	<u>23,201</u>	<u>48,000</u>	<u>56,221</u>	<u>(8,221)</u>
General revenues				
Property taxes	<u>3,204</u>	<u>3,204</u>	<u>3,322</u>	<u>118</u>
Total general revenues	<u>3,204</u>	<u>3,204</u>	<u>6,546</u>	<u>3,342</u>
Excess (deficiency) of revenues over expenditures	(19,997)	(44,796)	(49,675)	(4,879)
Other financing sources (uses)				
Developer advance	17,000	17,000	-	(17,000)
Bond issuance costs	-	-	49,675	49,675
Net other financing sources (uses)	<u>17,000</u>	<u>17,000</u>	<u>49,675</u>	<u>32,675</u>
Net changes in fund balance	(2,997)	(27,796)	-	27,796
Fund balances				
Beginning of year	<u>3,013</u>	<u>3,013</u>	<u>-</u>	<u>(3,013)</u>
End of year	<u>\$ 16</u>	<u>\$ (24,783)</u>	<u>\$ -</u>	<u>\$ 24,783</u>

Note: the accompanying notes are an integral part of these financial statements.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Definition of Reporting Entity

Definition of Reporting Entity

The Point Metropolitan District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on February 22, 2006, and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in the City of Aurora, Colorado. The District was established to provide for a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of the Public Improvements. The District is governed by an elected Board of Directors.

As required by accounting principles generally accepted in the United States of America (“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 Governmental Accounting Standards Boards (“GASB”) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The 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, nor is the District a component unit of any other primary governmental entity.

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

Note 2 – Summary of Significant Accounting Policies

The accounting policies of the District conform to the accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies of the District are described as follows:

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34, “*Special Purpose Governments*”.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

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. Governmental activities are normally supported by property taxes, sales taxes and developer advances.

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.

For the most part, the effect of inter-fund activity has been eliminated from these financial statements.

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

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

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 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 period. The material sources of revenue subject to accrual are property taxes and interest. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of 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.

Budgets

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

During the year, the District amended its total appropriations in the General Fund from \$23,201 to \$48,000 primarily due to increased operating costs. The District's expenditures in the General Fund for the year ended December 31, 2022 exceeded appropriated amounts, and the District's management intends to amend the General Fund budget subsequent to year-end.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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 as of 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.

Deposits and Investments

The District's cash and investments 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 net asset value.

The District follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. 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.

Deferred Outflows 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 has no items that qualify for reporting in this category.

Deferred Inflows of Resources

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 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 or are collected.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. streets, water system, sewer system and similar items), are reported in the applicable governmental or business-type 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 cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 that will be conveyed to other governmental entities are classified as construction in progress, are not included in the calculation of net investment in capital assets and are not depreciated. Land and certain landscaping improvements are not depreciated.

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.

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.

Fund Equity

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all these components.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaids and inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above-described criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports the following categories of net position:

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.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position (continued)

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

Property Taxes

Property taxes are levied by the District 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 who assess the property tax obligation of the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or at the taxpayers' election, in equal installments in February and June. Delinquent taxpayers are notified in 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, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Sales Taxes

Sales tax revenues are collected by the City of Aurora and are remitted to the District monthly as part of the Aurora Urban Renewal Authority ("AURA") agreement with the Developer. Sales taxes are recorded as revenues in the period received and are pledged for debt service under the Series 2018 Loan agreement (see Note 5).

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Cash and Investments

Cash and investments as of December 31, 2022, are classified in the accompanying financial statement as follows:

Statement of net position:

Cash and investments - unrestricted	\$ (31,385)
Cash and investments - restricted	1,530,094
Total	<u>\$ 1,498,709</u>

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

Deposits with financial institutions	\$ 15,195
Investments	1,483,514
Total	<u>\$ 1,498,709</u>

Cash Deposits

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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.

As of December 31, 2022, the District’s cash deposits had a bank balance of \$25,025 and a carrying balance of \$15,195. The District had funds of \$1,483,514 in trust held in a U.S. Treasury reserve fund.

Custodial Credit Risks – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022, none of the District’s bank balance was exposed to custodial credit risk.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Cash and Investments (continued)

Investments

Investment Policies

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service or sinking fund requirements. Colorado State statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- * Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- * Local government investment pools

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

Concentration Risk and Custodial Risk – Investments

The District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 in money market funds are not required to be categorized within the fair value hierarchy and are calculated using the net asset value ("NAV") method.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Cash and Investments (continued)

Investments (continued)

Summary of Investments

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Federal U.S. Treasury Cash Reserve	Weighted Average Under 60 Days	\$ 1,483,514
Total investments		<u>\$ 1,483,514</u>

Federal U.S. Treasury Cash Reserve

The funds that were in the trust accounts at CoBiz Bank were invested in a Federal U.S. Treasury cash reserve fund. The portfolio records its investments at fair value and the District records its investment in the portfolio using the net asset value method. Each share of the portfolio maintains a value of \$1.00. The portfolio, which invests exclusively in short-term U.S. Treasury securities, is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days.

Restricted Cash and Investments

As of December 31, 2022, portions of cash and investments were restricted for debt service related to a custodial agreement in connection with the Series 2018 Loan (see Note 5) and for capital projects.

Restricted cash consists of the following designations:

Reserve (Series 2018 Loan)	\$ 662,637 ^[1]
Other cash and investments restricted for debt	<u>90,689</u>
Total cash and investments restricted for debt	753,326
 Project funds: general	 23,455
Project funds: bridge project	<u>753,313 ^[2]</u>
Total cash and investments restricted for capital projects	<u>776,768</u>
 Total restricted cash and investments	 <u>\$ 1,530,094</u>

^[1] Pursuant to the custodial agreement, the reserve amount will remain restricted until the Developer has satisfied the Master Developer Loan.

^[2] Pursuant to the custodial agreement, the bridge fund amount is not restricted for loan payments. The funds are to be used for completion of a certain bridge construction project, and the disbursement of such funds are required to be approved by Aurora Urban Renewal Authority ("AURA," see Note 9).

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Capital Assets

The following is an analysis of changes in capital assets for the year ended December 31, 2022:

<u>Governmental activities</u>	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>
Capital assets not being depreciated:				
Infrastructure	\$ 10,089,971	\$ 23,419	\$ -	\$ 10,113,390
Total capital assets	<u>\$ 10,089,971</u>	<u>\$ 23,419</u>	<u>\$ -</u>	<u>\$ 10,113,390</u>

Capital assets owned by the District will be transferred to other governmental entities; therefore, the District does not record depreciation on capital assets.

Note 5 – Long-Term Debt

The following is an analysis of changes in long-term obligations for the year ended December 31, 2022:

	<u>Balances 1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances 12/31/2022</u>	<u>Current Portion</u>
Direct borrowings:					
Developer advances					
Principal	\$ 1,137,503	\$ -	\$ -	\$ 1,137,503	\$ -
Accrued interest	249	91,001	-	91,250	-
Total developer advances	1,137,752	91,001	-	1,228,753	-
G.O. Limited Tax Loan - Series 2018	9,680,813	-	(320,241)	9,360,572	343,251
Total long-term obligations	<u>\$ 10,818,565</u>	<u>\$ 91,001</u>	<u>\$ (320,241)</u>	<u>\$ 10,589,325</u>	<u>\$ 343,251</u>

Loans and developer advances issued for governmental activities are liquidated by the debt service fund.

The details of the Districts long-term obligation are as follows:

\$15,000,000 Incremental Revenue and General Obligation Limited Tax Loan Series 2018

On August 23, 2018, the District issued a \$15,000,000 variable rate General Obligation Limited Tax Loan ("Series 2018 Loan"). The Series 2018 Loan will fund capital expenditures through a series of advances for public improvements within the District. The loan is secured by a mill levy not to exceed 30 mills adjusted for any changes in the assessment ratio used by the State of Colorado to determine assessed valuation. The Series 2018 Loan is secured by Pledged Revenue and funds held in trust by CoBiz, other than the Bridge Fund.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Long-Term Debt (continued)

\$15,000,000 Incremental Revenue and General Obligation Limited Tax Loan Series 2018 (continued)

Interest is due semi-annually on June 1 and December 1 beginning in 2018, with principal payments due on December 1 annually beginning in 2021. The loan matures on December 1, 2025. The interest rate for each advance made under the agreement is determined separately for each advance. The District may pre-pay amounts owed under the Series 2018 Loan subject to a prepayment penalty of 1% of the loan balance from December 2, 2020 through December 1, 2021. Commencing on December 2, 2021 and continuing thereafter, the Series 2018 Loan may be prepaid in whole, but not in part, upon payment of the then current loan balance and accrued unpaid interest, without prepayment fee, premium or penalty.

Events of Default with Finance-Related Consequences

Upon the occurrence and during the continuance of any Event of Default, the Loan shall bear interest at the Default Rate and the lender has the option to (a) exercise any and all remedies available under the agreement; (b) apply all amounts constituting Pledged Revenue to the payment of all amounts; (c) apply all amounts transferred by the Custodian to the Bank pursuant to the Custodial Agreement to the payment of all amounts due; or (d) take any other action or remedy available under the other Financing Documents or any other document, or at law or in equity.

Upon notification in writing by the lender, the occurrence/existence of any of the following constitutes an Event of Default:

- a) Failure to transfer Pledged Revenue to the Custodian promptly upon the receipt thereof or fails to apply or cause the Pledged Revenue to be applied as required;
- b) Failure to pay all amounts outstanding hereunder on the Maturity Date;
- c) Failure to impose and certify the Required Debt Mill Levy;
- d) Failure to pay the principal of or interest on the Loan or any other amount payable to the Bank when due, other than on the Maturity Date;
- e) Failure to impose the Operational and ARI Mill Levy per the District's Service Plan;
- f) Failure to prepare and file its annual budget in accordance with applicable State law;
- g) Failure to prepare and file its annual audited financial statements in accordance with applicable State law;
- h) the occurrence and continuance of an event of default or an event of nonperformance under the Custodial Agreement or any of the other Financing Documents to which the District is a party after the expiration of any grace period;

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Long-Term Debt (continued)

\$15,000,000 Incremental Revenue and General Obligation Limited Tax Loan Series 2018 (continued)

Events of Default with Finance-Related Consequences (continued)

- i) Failure to observe or perform any other of the covenants, agreements or conditions and such failure is not remedied to the satisfaction of the Bank within 30 days after notice from the Bank to the District of such failure;
- j) any representation/warranty made by the District proves to have been untrue/incomplete when made or deemed made;
- k) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$25,000 in the aggregate is rendered against the District and the District fails to vacate, bond, stay, contest, pay or satisfy such judgment or court order for 60 days;
- l) the District shall initiate, acquiesce or consent to any proceedings to dissolve the District or to consolidate the District with other similar entities into a single entity or the District shall otherwise cease to exist;
- m) the occurrence of any event that will have a materially adverse impact on the ability of the District to generate Pledged Revenue sufficient to satisfy the District's obligations, and the District fails to cure such condition within 60 days after receipt by the District of written notice thereof from the Bank;
- n) the pledge of the Pledged Revenue or any other security interest created hereunder or under the Custodial Agreement fails to be fully enforceable;
- o) (i) the District shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; or (B) seeking appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the District any case, proceeding or other action of a nature referred to in clause (o)(i) above and the same shall remain undismissed; or (iii) there shall be commenced against the District any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within 30 days from the entry thereof; or (iv) the District shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the District shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Long-Term Debt (continued)

\$15,000,000 Incremental Revenue and General Obligation Limited Tax Loan Series 2018 (continued)

Events of Default with Finance-Related Consequences (continued)

- p) Any material provision of the Series 2018 Loan Agreement/Custodial Agreement, (i) ceases to be valid and binding on the District or is declared null and void, or the validity or enforceability thereof is contested by the District (unless being contested by the District in good faith), or the District denies it has any or further liability under any such document to which it is a party; or (ii) any pledge or security interest created hereunder or under the Custodial Agreement fails to be fully enforceable;
- q) the District's auditor delivers a qualified opinion with respect to the District's status as a going concern; or
- r) any funds or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established hereunder or under the Custodial Agreement shall become subject to any writ, judgment, warrant or attachment, execution or similar process and the District fails to vacate, bond, stay, contest, pay or satisfy such judgment or court order for 60 days.

Future Maturity

The District's Series 2018 Loan as of December 31, 2022 will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 343,251	\$ 360,166	\$ 703,417
2024	350,241	347,153	697,394
2025	358,741	333,850	692,591
2026	353,741	338,893	692,634
2027	355,741	324,731	680,472
2028-2032	2,071,707	1,388,560	3,460,267
2033-2037	2,474,707	947,540	3,422,247
2038-2042	2,592,707	382,280	2,974,987
2043	459,736	15,866	475,602
Total	<u>\$ 9,360,572</u>	<u>\$ 4,439,039</u>	<u>\$ 13,799,611</u>

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Long-Term Debt (continued)

Amended and Restated Operation and Facilities Funding and Acquisition Agreements

On December 13, 2016, The District entered into agreements with MHK Nine Mile, LLC (the “Developer”) for capital and operating costs, which were amended and restated on August 20, 2018, whereby the Developer had funded, and may continue to fund, costs related to operations, construction improvements and related construction costs. The District has agreed to reimburse the Developer for these costs. The advances accrue interest at a rate of 8% per annum. The agreement renews annually until terminated upon notice by either the District or Developer given at least thirty days prior to the end of each fiscal year. The total balance of these operational and construction advances as of December 31, 2022 is \$1,137,503, plus accrued interest of \$91,250.

Debt Authorization

The District is limited in the amount of indebtedness pursuant to its service plan to \$400,000,000.

Note 6 – Fund Balances and Net Position

Fund Balances

The District’s total fund balance consists of the following components:

Fund balance - non-spendable:

Prepaid expenses	\$ 2,526
------------------	----------

Fund balance - restricted for:

Debt service	913,368
--------------	---------

Capital projects	879,178
------------------	---------

Total restricted fund balance	<u>913,368</u>
-------------------------------	----------------

Fund balance - unassigned	<u>(2,526)</u>
---------------------------	----------------

Total fund balance	<u><u>\$ 1,792,546</u></u>
--------------------	----------------------------

The non-spendable fund balance in the General Fund represents prepaid insurance.

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 Debt Service Fund is restricted for the payment of the debt service costs associated with the District’s long-term obligations (see Note 5). The restricted fund balance in the Capital Projects Fund is restricted for construction of Public Improvements.

The unassigned fund balance represents the residual portion of fund balance that does not meet any of the above-described criteria and is available for general use by the District.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Fund Balances and Net Position (continued)

Net Position/(Deficit)

The District's net position/(deficit) consists of the following components:

Net position - restricted for:

Debt service	\$ 913,368
Capital projects	<u>879,178</u>
Total restricted net position	913,368

Net position/(deficit) - unrestricted	<u>(555,742)</u>
---------------------------------------	------------------

Total net position/(deficit)	<u><u>\$ 1,236,804</u></u>
------------------------------	----------------------------

The restricted components of net position includes assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

The unrestricted net position includes all other net position that does not meet the definition of the above two components and is available for general use by the District.

Note 7 – Related Party Transactions

The members of the Board of Directors of the District are employees, owners or associated with the Developer of the District, and may have conflicts of interest in dealing with the District. Any potential conflicts have been filed in accordance with Colorado Law.

The District and K&C Management, LLC (affiliate of the Developer) entered into a verbal management agreement whereby the District compensates K&C Management, LLC for general operating and construction management services. Management fees are paid quarterly, subject to annual appropriation. Management fees of \$2,500 were paid to K&C Management, LLC during 2022.

As of December 31, 2022, the Developer owed \$311,333 to the District for operating and debt service costs that the District covered on behalf of the Developer.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Risk Management

The District is exposed to various risks of loss related to thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (the “Pool”) as of December 31, 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

Note 9 – City IGA

In 2016, the District entered into an Intergovernmental Agreement (“IGA”) with the City of Aurora (the “City”) which reiterates many of the terms of the District’s Service Plan, including defining the District’s powers and limitations on authorized activities.

Note 10 – ARI Mill Levy

The District is required by the Service Plan and the City IGA to impose a mill levy for ARI, which is defined in the Service Plan and the City IGA as the “ARI Mill Levy”, which is to be imposed as follows: five mills for collection beginning in the first year of collection of a debt service mill levy. The ARI Mill Levy is in addition to the amount of the Limited Mill Levy. The ARI Mill Levy does not constitute a portion of the Pledged Revenue and is not pledged to the payment of the Series 2018 Loan.

From 2017 through 2022, the District did not impose the ARI Mill Levy as required by the service plan; however, the District has accrued a liability for the ARI payable, which amounted to \$954 as of December 31, 2022.

Note 11 – Internal Transfers

During the year, the District transferred \$462,386 of fund balance from the Debt Service Fund to the Capital Projects Fund to account for the impact of sales tax revenues allocable for capital projects pursuant to the custodial agreement in connection with the Series 2018 Loan (see Notes 3 and 5).

Note 12 – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights ("TABOR"), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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. Any operating expense shortfall is funded by the Developer and therefore no 3% emergency reserve is provided.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

On May 2, 2006, a majority of the District's voters approved that the District be authorized to retain all revenues it received from its rates, fees, tolls and other charges (both operating and capital in nature) for facilities and services and any and all other revenues it receives in 2006 and in all subsequent years; and the District be authorized to spend such revenues as voter-approved revenue change and an exception to any spending limitations which might otherwise apply, without limiting the collection and spending of other revenues of the District in any one year.

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.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 –Economic Dependency

The District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer to advance funds for operations.

Note 14 – Reconciliation of Government-Wide and Fund Financial Statements

Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets	\$ 10,113,390
Developer advances receivable	(49,675)
Loan and advances payable	(10,589,325)
Accrued interest on long-term obligations	(30,132)
Total	<u><u>\$ (555,742)</u></u>

- Capital assets used in government activities are not financial resources and therefore are not reported in the funds.
- Long-term liabilities such as loans and bonds payable and accrued interest on loans and bonds are not due and payable in the current period and, therefore, are not in the funds.

The Point Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – Reconciliation of Government-Wide and Fund Financial Statements (continued)

Explanation of differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide statement of activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital improvements	\$ (23,419)
Debt principal payments	(320,241)
Interest expense	121,133
Developer advances receivable	49,675
Total	<u><u>\$ (172,852)</u></u>

- Governmental funds report loan proceeds as other financing sources and repayments as expenditures. However, the long-term obligations are reflected as a liability in the government-wide financial statements, and proceeds/repayments are reported as changes to the liability.
- Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the government-wide Statement of Activities.
- Governmental funds report capital improvements as expenditures; however, in the government-wide financial statements, capital expenditures are reflected as capital assets.

Supplemental Information

The Point Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures			
Legal and professional fees	\$ -	\$ 3,500	\$ (3,500)
Treasurer's fees	159	166	(7)
Debt service:			
Loan and developer advance principal	600,000	320,241	279,759
Loan and developer advance interest	316,584	378,190	(61,606)
Paying agent fees	3,500	-	3,500
Contingency and emergency reserve	413	-	413
Total expenditures	<u>920,656</u>	<u>702,097</u>	<u>218,559</u>
General revenues			
Property taxes	170,242	11,073	(159,169)
Specific ownership taxes	846	10,748	9,902
Sales tax revenues	658,807	1,133,549	474,742
Interest income and miscellaneous	-	12,467	12,467
Total revenues	<u>829,895</u>	<u>1,167,837</u>	<u>337,942</u>
Excess (deficiency) of revenues over expenditures and net changes in fund balance	 (90,761)	 465,740	 556,501
Other financing source (uses)			
Transfer (to)/from other funds	-	(462,386)	(462,386)
Net other financing sources (uses)	-	(462,386)	(462,386)
Net changes in fund balances	(90,761)	3,354	94,115
Fund balances			
Beginning of year	528,876	910,014	381,138
End of year	<u>\$ 438,115</u>	<u>\$ 913,368</u>	<u>\$ 475,253</u>

Note: The accompanying notes are an integral part of these financial statements.

The Point Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures			
Legal and professional fees	\$ -	\$ -	\$ -
Project management fees	200,000	-	200,000
Capital assets acquired	<u>2,000,000</u>	<u>23,419</u>	<u>1,976,581</u>
Total expenditures	2,200,000	23,419	2,176,581
General revenues			
Interest income and miscellaneous	<u>-</u>	<u>6,252</u>	<u>6,252</u>
Total revenues	-	6,252	6,252
Excess (deficiency) of revenues over expenditures and net changes in fund balance	(2,200,000)	(17,167)	2,182,833
Other financing source (uses)			
Proceeds from construction loan draw	2,200,000	-	(2,200,000)
Transfer to/from other funds	<u>-</u>	<u>462,386</u>	<u>462,386</u>
Net other financing sources (uses)	2,200,000	462,386	(1,737,614)
Net changes in fund balances	-	445,219	445,219
Fund balances			
Beginning of year	216,469	433,959	217,490
End of year	<u>\$ 216,469</u>	<u>\$ 879,178</u>	<u>\$ 662,709</u>

Note: The accompanying notes are an integral part of these financial statements.