

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

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Board of Directors
Cross Creek Metropolitan District No 2
Arapahoe County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cross Creek Metropolitan District No 2 (the "District"), as of and for the year ended December 31, 2023, 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 Cross Creek Metropolitan District No 2 as of December 31, 2023, 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 (GAAP), 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

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 District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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, such information is fairly stated in all material respects in relation to the financial statements as a whole.



Wipfli LLP
Denver, Colorado

September 30, 2024

CROSS CREEK METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2023

	General	Debt Service	Special Revenue	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	\$ 488,906	\$ -	\$ -	\$ 488,906	\$ -	\$ 488,906
Cash and investments - Restricted	3,192	389,489	222,553	615,234	-	615,234
Receivable - county treasurer	1,470	3,248	-	4,718	-	4,718
Property taxes receivable	293,852	568,230	-	862,082	-	862,082
Prepaid expenses	12,324	-	4,640	16,964	-	16,964
Accounts receivable - recreation fees	-	-	26,335	26,335	-	26,335
Receivable - other	4,225	-	11,598	15,823	-	15,823
Bond Insurance, net of amortization	-	-	-	-	69,192	69,192
Capital assets not being depreciated	-	-	-	-	3,622,968	3,622,968
Capital assets net of depreciation	-	-	-	-	805,845	805,845
Total Assets	<u>803,969</u>	<u>960,967</u>	<u>265,126</u>	<u>2,030,062</u>	<u>4,498,005</u>	<u>6,528,067</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	157,979	157,979
Total Deferred Outflows of Resources	-	-	-	-	157,979	157,979
Total Assets and Deferred Outflows of Res	<u>\$ 803,969</u>	<u>\$ 960,967</u>	<u>\$ 265,126</u>	<u>\$ 2,030,062</u>		
LIABILITIES						
Accounts payable	\$ 8,859	\$ -	\$ 7,842	\$ 16,701	-	16,701
Prepaid assessments	-	-	20,488	20,488	-	20,488
Regional mill levy payable	-	84,233	-	84,233	-	84,233
Accrued interest	-	-	-	-	36,060	36,060
Long-term liabilities						
Due within one year	-	-	-	-	215,000	215,000
Due in more than one year	-	-	-	-	10,235,016	10,235,016
Total Liabilities	<u>8,859</u>	<u>84,233</u>	<u>28,330</u>	<u>121,422</u>	<u>10,486,076</u>	<u>10,607,498</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred fees	4,225	-	28,811	33,036	-	33,036
Deferred property taxes	293,852	568,230	-	862,082	-	862,082
Total Deferred Inflows of Resources	<u>298,077</u>	<u>568,230</u>	<u>28,811</u>	<u>895,118</u>	<u>-</u>	<u>895,118</u>
FUND BALANCE:						
Nonspendable:						
Prepays	12,324	-	4,640	16,964	(16,964)	-
Restricted:						
Emergencies	3,192	-	-	3,192	(3,192)	-
Debt service	-	308,504	-	308,504	(308,504)	-
Recreation and landscaping	-	-	203,345	203,345	(203,345)	-
Unassigned	481,517	-	-	481,517	(481,517)	-
Total Fund Balances	<u>497,033</u>	<u>308,504</u>	<u>207,985</u>	<u>1,013,522</u>	<u>(1,013,522)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 803,969</u>	<u>\$ 960,967</u>	<u>\$ 265,126</u>	<u>\$ 2,030,062</u>		
NET POSITION:						
Restricted for:						
Emergencies					3,192	3,192
Debt service					272,444	272,444
Recreation					203,345	203,345
Unrestricted					<u>(6,309,073)</u>	<u>(5,295,551)</u>
Total Net Position (Deficit)					<u>\$ (5,830,092)</u>	<u>\$ (4,816,570)</u>

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

CROSS CREEK METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 21,022	\$ -	\$ -	\$ 21,022	\$ -	\$ 21,022
Election expense	4,777	-	-	4,777	-	4,777
Insurance	12,723	-	2,809	15,532	-	15,532
Legal	66,286	-	11,247	77,533	-	77,533
Miscellaneous expenses	189	400	2,666	3,255	-	3,255
Water/sewer	-	-	69,410	69,410	-	69,410
Gas/Electric	-	-	23,798	23,798	-	23,798
Telephone	-	-	2,671	2,671	-	2,671
Security	-	-	35,563	35,563	-	35,563
Repairs & Maintenance	-	-	4,523	4,523	-	4,523
G&A - Recreation	-	-	7,424	7,424	-	7,424
Management Fee - Recreation	-	-	39,140	39,140	-	39,140
Social activities	-	-	3,159	3,159	-	3,159
Pool Service Repairs, and Supplies	-	-	121,304	121,304	-	121,304
Clubhouse expenses	-	-	11,260	11,260	-	11,260
Landscape Maintenance	-	-	136,993	136,993	-	136,993
Trash removal	-	-	80,857	80,857	-	80,857
Treasurers fees	3,985	8,803	-	12,788	-	12,788
Regional mill levy	-	21,136	-	21,136	-	21,136
Bad debt expense	-	-	9,267	9,267	-	9,267
Depreciation	-	-	-	-	70,311	70,311
Bond principal	-	195,000	-	195,000	(195,000)	-
Interest expense	-	442,475	-	442,475	(6,096)	436,379
Amortization	-	-	-	-	3,145	3,145
Total Expenditures	<u>108,982</u>	<u>667,814</u>	<u>562,091</u>	<u>1,338,887</u>	<u>(127,640)</u>	<u>1,211,247</u>
PROGRAM REVENUES						
Recreation fees	-	-	366,097	366,097	-	366,097
Total Program Revenues	-	-	366,097	366,097	-	366,097
Net Program Income (Expense)	(108,982)	(667,814)	(195,994)	(972,790)	127,640	(845,150)
GENERAL REVENUES						
Property taxes	265,436	586,363	-	851,799	-	851,799
Specific ownership taxes	17,398	38,422	-	55,820	-	55,820
Development fees	311,750	-	-	311,750	-	311,750
Interest income	2,657	52,676	1,080	56,413	-	56,413
Total General Revenues	<u>597,241</u>	<u>677,461</u>	<u>1,080</u>	<u>1,275,782</u>	-	<u>1,275,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	488,259	9,647	(194,914)	302,992	127,640	430,632
OTHER FINANCING SOURCES (USES)						
Transfer (to) from other funds	(185,000)	-	185,000	-	-	-
Total Other Financing Sources (Uses)	<u>(185,000)</u>	-	<u>185,000</u>	-	-	-
NET CHANGE IN FUND BALANCES CHANGE IN NET POSITION						
	303,259	9,647	(9,914)	302,992	(302,992)	430,632
FUND BALANCE/NET POSITION						
BEGINNING OF YEAR	193,774	298,857	217,899	710,530	(5,957,732)	(5,247,202)
END OF YEAR	<u>\$ 497,033</u>	<u>\$ 308,504</u>	<u>\$ 207,985</u>	<u>\$ 1,013,522</u>	<u>\$ (5,830,092)</u>	<u>\$ (4,816,570)</u>

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

CROSS CREEK METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2023

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 265,434	\$ 265,436	\$ 2
Specific ownership taxes	17,254	17,398	144
Interest income	<u>500</u>	<u>2,657</u>	<u>2,157</u>
 Total Revenues	 <u>283,188</u>	 <u>597,241</u>	 <u>314,053</u>
 EXPENDITURES			
Accounting and audit	17,000	21,022	(4,022)
Election expense	35,000	4,777	30,223
Insurance	13,000	12,723	277
Legal	60,000	66,286	(6,286)
Miscellaneous expenses	200	189	11
Treasurers fees	3,982	3,985	(3)
Capital improvements	25,000	-	25,000
Contingency	27,121	-	27,121
Emergency reserve	<u>2,825</u>	<u>-</u>	<u>2,825</u>
 Total Expenditures	 <u>184,128</u>	 <u>108,982</u>	 <u>75,146</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 99,060	 488,259	 389,199
 OTHER FINANCING SOURCES (USES)			
Transfer (to) from other funds	<u>(250,000)</u>	<u>(185,000)</u>	<u>65,000</u>
 Total Other Financing Sources (Uses)	 <u>(250,000)</u>	 <u>(185,000)</u>	 <u>65,000</u>
 NET CHANGE IN FUND BALANCES	 (150,940)	 303,259	 454,199
 BEGINNING OF YEAR	 <u>150,940</u>	 <u>193,774</u>	 <u>42,834</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 497,033</u>	<u>\$ 497,033</u>

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

CROSS CREEK METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2023

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Recreation fees	\$ 341,773	\$ 366,097	\$ 24,324
Interest income	<u>25</u>	<u>1,080</u>	<u>1,055</u>
Total Revenues	<u>341,798</u>	<u>367,177</u>	<u>25,379</u>
EXPENDITURES			
Insurance	5,000	2,809	2,191
Legal	15,000	11,247	3,753
Miscellaneous expenses	2,000	2,666	(666)
Water/sewer	90,000	69,410	20,590
Gas/Electric	20,000	23,798	(3,798)
Telephone	2,000	2,671	(671)
Security	48,800	35,563	13,237
Repairs & Maintenance	28,000	4,523	23,477
G&A - Recreation	9,000	7,424	1,576
Management Fee - Recreation	45,000	39,140	5,860
Social activities	10,000	3,159	6,841
Pool Service Repairs, and Supplies	105,000	121,304	(16,304)
Clubhouse expenses	26,500	11,260	15,240
Landscape Maintenance	231,200	136,993	94,207
Trash removal	75,000	80,857	(5,857)
Bad debt expense	-	9,267	(9,267)
Emergency reserve	23,475	-	23,475
Replacement	10,000	-	10,000
Capital improvements	70,000	-	70,000
Contingency and reserves	<u>24,817</u>	<u>-</u>	<u>24,817</u>
Total Expenditures	<u>840,792</u>	<u>562,091</u>	<u>278,701</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(498,994)	(194,914)	304,080
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	<u>250,000</u>	<u>185,000</u>	<u>(65,000)</u>
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>185,000</u>	<u>(65,000)</u>
NET CHANGE IN FUND BALANCES	(248,994)	(9,914)	239,080
FUND BALANCE - BEGINNING OF YEAR	<u>248,994</u>	<u>217,899</u>	<u>(31,095)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 207,985</u>	<u>\$ 207,985</u>

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

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2023

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Cross Creek Metropolitan District No. 2, (the “District”) located in the City of Aurora, Colorado, 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 November 26, 2002 concurrently with Cross Creek Metropolitan District No. 1 (“District No. 1”), as a quasi-municipal organization established under the State of Colorado Special District Act. On August 6, 2004, an Amended and Restated Consolidated Service Plan for Cross Creek Metropolitan District No. 1 and Cross Creek Metropolitan District No. 2 and a Service Plan for Cross Creek Metropolitan District No. 3 (the Amended and Restated Service Plan”) was submitted to the City and subsequently approved by the City on August 30, 2004 by Resolution Number R2004-50. The District was established to provide streets, water, wastewater services, park and recreation, and other improvements for the benefit of taxpayers and service users located within the District and District No. 1. On August 10, 2006, the Arapahoe County District Court approved the dissolution of District No. 3. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors. On December 9, 2010, District No. 1 was dissolved and its assets, liabilities, and fund balance were transferred to the District and the District now serves as the Operating District.

On August 27, 2018 the Aurora City Council approved the First Amendment to the Amended and Restated Service Plan for Cross Creek Metropolitan District No. 2. Pursuant to the Amendment the District is authorized to issue one or more series of unlimited mill levy bonds or other debt or obligations which are not subject to the Maximum Debt Mill Levy (as defined in the Service Plan), for the purpose of refunding or refinancing the District’s outstanding debt.

On August 27, 2018 the Aurora City Council, in conjunction with the service plan amendment, approved the Second Amendment to the Amended and Restated Intergovernmental Agreement between the City of Aurora and Cross Creek Metropolitan District No. 2. The Amendment allows the District to issue one or more series of unlimited mill levy bonds or other debt or obligations which are not subject to the Maximum Debt Mill Levy (as defined in the Service Plan), for the purpose of refunding or refinancing the District’s outstanding debt.

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.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2023

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.

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 statement of governmental fund 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.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2023

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported 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.

Special Revenue Fund – The Special Revenue Fund is used to account for the resources accumulated and payments made for the operation, and maintenance of the parks and recreational facilities of the District.

Intergovernmental Agreement

On November 3, 2004, the District, along with District No. 1 and District No. 3, entered into an Amended and Restated Intergovernmental Agreement (“IGA”) with the City of Aurora, as required by the Amended and Restated Consolidated Service Plan. This was amended on January 26, 2009 to delete all references to District No. 3 which had been dissolved. On August 27, 2018 a second amendment to the Amended and Restated Consolidated Service Plan was approved by the City that removes all references to District No. 1 which was dissolved on December 9, 2010 and also allows the District to refinance its outstanding debt with an unlimited mill levy for the purpose of or refunding the Districts Limited Tax General Obligation Refunding Bonds, Series 2006 with the Series 2018 Bonds. Under the IGA, the District must obtain the approval of the Aurora City Council prior to any inclusion of property outside of its “Service Area” (as such term is defined in the Service Plan) into the boundaries of the District, or any consolidation with any other special district.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2023

Prior to issuance of any privately placed debt, the District shall obtain a certificate from an External Financial Advisor certifying to the reasonableness of the interest rate and the structure. Pursuant to the agreement and the Amended and Restated Consolidated Service Plan, the Taxing District is required to levy a regional mill levy and to remit it to an Aurora Regional Improvement (“ARI”) Authority or to the City under certain circumstances.

On August 28, 2006, the District entered into the Aurora Regional Improvement Authority No. 1 Establishment Agreement whereby the Authority was formed for the purpose of planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing regional improvements benefiting multiple districts. Operating costs are funded by the ARI mill levy revenues transferred from the contracting districts to the Authority. As the District receives the ARI mill levy revenue, the District is responsible for fulfilling obligations under the Agreement. As of December 31, 2023, the District had collected \$193,149 in regional mill levy revenues with a portion of these revenues used to make regional improvements. The balance being held by the District as of December 31, 2023 is \$84,233.

The Amended and Restated Consolidated Service Plan requires the Districts to dedicate the streets, water, storm drainage and sanitation improvements to the City of Aurora for ownership and maintenance. The District will own and maintain or contract with a homeowners association to operate the park and recreation improvements, including landscaping, parks, trails and detention ponds.

Accounts Receivable – Recreation Fees

Accounts receivable – recreation fees represent fees due from homeowners which support maintenance of common areas within the District (See Note 5). All amounts are deemed collectible as such fees constitute a perpetual lien against the property served.

Budgetary Accounting

Budgets are adopted on a 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.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2023

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, 2023 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 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.

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. 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. 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 capital 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.

As discussed in Note 1, the District has an Intergovernmental Agreement with the City of Aurora under which the District constructed various improvements within the District and upon completion has transferred the improvements to the City of Aurora. The District is maintaining the landscape and recreation center improvements.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Recreation center	30 years
Equipment	5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 two 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. Deferred fees are recognized as revenue when they become measurable and available (if collected within 60 days)

Property Taxes

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

Property taxes, 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.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2023

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 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 balance of \$16,964 at December 31, 2023 relates to prepaid insurance.

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 \$3,192 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 \$308,504 is restricted for the payment of the debt service costs associated with the Unlimited Tax General Obligation Refunding Bonds, Series 2018.

The restricted fund balance in the Special Revenue Fund in the amount of \$203,345 is restricted for the payment of the costs relating to the landscaping and recreation facilities.

Committed Fund Balance

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

Assigned Fund Balance

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

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

Unassigned Fund Balance

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

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

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 up to three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

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, 2023, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 488,906
Cash and investments – Restricted	<u>615,234</u>
Total	<u>\$ 1,104,140</u>

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$ 21,306
Investments – COLOTRUST	<u>1,082,834</u>
Total	<u>\$ 1,104,140</u>

Deposits

Custodial Credit Risk

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

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

Investments

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 investment is not required to be categorized within the fair value hierarchy.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

As of December 31, 2023, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST” or the “Trust”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The Trust operates similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2023, the District had \$1,082,834 invested in COLOTRUST.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2023</u>
<u>Capital assets not being depreciated:</u>				
Landscaping	\$ 3,622,968	\$ -	\$ -	\$ 3,622,968
Total capital assets not being depreciated:	<u>3,622,968</u>	<u>-</u>	<u>-</u>	<u>3,622,968</u>
<u>Capital assets being depreciated:</u>				
Recreation center	1,708,870	-	-	1,708,870
Equipment	<u>206,871</u>	<u>-</u>	<u>-</u>	<u>206,871</u>
Total	1,915,741	-	-	1,915,741
Accumulated Depreciation	<u>(1,039,585)</u>	<u>(70,311)</u>	<u>-</u>	<u>(1,109,896)</u>
Net capital assets being depreciated:	<u>876,156</u>	<u>(70,311)</u>	<u>-</u>	<u>805,845</u>
Government type assets, net	<u>\$ 4,499,124</u>	<u>\$ (70,311)</u>	<u>\$ -</u>	<u>\$ 4,428,813</u>

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

Note 4: Long-Term Debt

The following is an analysis of the changes in long-term debt for the period ending December 31, 2023:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023	Current Portion
Limited Tax G.O. Refunding Bonds - Series 2018	\$ 10,205,000	\$ -	\$ 195,000	\$ 10,010,000	\$ 215,000
	10,205,000	-	195,000	10,010,000	215,000
Premium on 2018 Bonds	460,017	-	20,001	440,016	-
	<u>\$ 10,665,017</u>	<u>\$ -</u>	<u>\$ 215,001</u>	<u>\$ 10,450,016</u>	<u>\$ 215,000</u>

A description of the long-term obligations as of December 31, 2023 is as follows:

Unlimited Tax General Obligation Refunding Bonds - Series 2018

On September 20, 2018, the District refunded the Limited Tax General Obligation Refunding Bonds, Series 2006 (“Series 2006 Bonds”) by issuing Unlimited Tax General Obligation Refunding Bonds, Series 2018 (“Series 2018 Bonds”) in the principal amount of \$10,970,000. The Series 2018 Bonds were issued for the purpose of refunding the Series 2006 Bonds, and purchase and cancel the Subordinate Bonds and to pay certain costs of issuance of the Series 2018 Bonds. The Series 2018 Bonds bear interest rates ranging from 3.875% to 5.0%, payable semiannually on each June 1 and December 1, commencing on December 1, 2018. The Series 2018 Bonds are due December 1, 2045, and the Bonds maturing on or after December 1, 2028, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, and if in part, in such order of maturities as the District shall determine and by lot within bonds of the same maturity and bearing the same interest rate on December 1, 2028, and on any date thereafter, at a redemption price equal to the par amount thereof (with no redemption premium) plus interest to the redemption date. The Bonds maturing on December 1, 2034, are subject to mandatory redemption, prior to maturity, in part, by lot in such manner as the paying agent shall determine, on December 1 of each year.

Concurrently with the issuance of the Series 2018 Bonds, Assured Guaranty Municipal Corp (“AGM”) issued a Municipal Bond Insurance Policy guaranteeing the scheduled payment of principal and interest payments when due. AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings. The insurance extends over the life of the issue and cannot be canceled by AGM.

The Series 2018 Bonds are secured by ad valorem taxes on all of the taxable property within the District and specific ownership taxes associated with the debt service mills.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

As a result of the issuance of the Series 2018 Bonds, the refunded bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by \$237,517. This amount is recorded as a deferred outflow and is being amortized over the original remaining life of the refunded bonds. The refunding resulted in a net present value savings to the District of \$1,747,903.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2018 Bonds.

	Principal	Interest	Total
2024	\$ 215,000	\$ 432,725	\$ 647,725
2025	225,000	421,975	646,975
2026	250,000	410,725	660,725
2027	260,000	398,225	658,225
2028	290,000	385,225	675,225
2029-2033	1,760,000	1,689,125	3,449,125
2034-2038	2,410,000	1,215,494	3,625,494
2039-2043	3,120,000	677,981	3,797,981
2044-2045	1,480,000	88,781	1,568,781
	<u>\$ 10,010,000</u>	<u>\$ 5,720,256</u>	<u>\$ 15,730,256</u>

Debt Authorization

In 2004, a majority of the qualified electors of the District who voted in the election authorized the issuance of general obligation indebtedness in an amount not to exceed \$561,900,000. Pursuant to Section 32-1-1101, C.R.S., this voted debt authorization will expire after twenty years. The District has not budgeted to issue any new debt during 2024.

Note 5: Agreements

Second Amended and Restated Resolutions Concerning the Imposition of an Operating Fee

On April 5, 2023, the Board of Directors of the District adopted a Second Amended and Restated Resolution Concerning the Imposition of an Operations Fee (the Resolution) with an effective date of January 1, 2023. On December 6, 2023, the Board of Directors of the District adopted a First Amendment to the Resolution with an effective date of January 1, 2024. The District established the Operations Fee to pay for the costs associated with the operation and maintenance of public facilities built within the boundaries of the District and other costs of the District, including but not limited to operations and maintenance of landscaping and common areas of the District.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2023

A Recurring Payment becomes due and owing to the District on the first day of each month following the issuance of a certificate of occupancy. This Recurring Payment shall be imposed at varying rates as outlined in the Resolution ranging from \$18.90 per month to \$57.25 per month for 2023 and 2024. In addition, a Transfer Payment of \$250 per completed dwelling unit within the District is due and payable to the District at the time of sale or resale of any single or multiple family dwelling unit that has a certificate of occupancy.

Fourth Amended and Restated Fee Resolutions Concerning the Imposition of Residential Development and Commercial Development Fees

On April 5, 2023, the Board of Directors of the District adopted a Fourth Amended and Restated Fee Resolutions Concerning the Imposition of Residential Development and Commercial Development Fees (the Capital Resolution). As a result of the Capital Resolution, detached residences pay a one-time Residential Capital Facilities Fee in the amount of \$4,425, and all attached residences in the amount of \$2,225. The fee on attached and detached residences increases automatically by 1%, rounded to the nearest \$25, on January 1 of each year beginning January 1, 2024 and continuing until no dwelling units remain to be constructed within the District. The Residential Capital Facilities Fee is payable to the District on the earlier of 1) the date upon which a building permit is issued for such dwelling unit, or 2) the date of first transfer of the property for such dwelling unit.

A one-time Commercial Capital Facilities Fee was established for all commercial property within the District's boundaries in the amount of \$24,125 per acre of commercial property. The Commercial Capital Facilities Fee will automatically increase by 1%, rounded to the nearest \$25, on January 1 of each year beginning January 1, 2024 and continuing until no commercial development remains to be completed within the District. These Commercial Capital Facilities Fees become due and owing to the District no later than the date a building permit is obtained for construction on such commercial property.

Assignment Agreement

On December 7, 2016, the District and Aurora Cross Creek Owners Association, Inc, a Colorado nonprofit corporation (the "HOA") entered into an Assignment Agreement effective as of January 1, 2017 whereby the HOA delegated to the District the responsibility and all powers and authority necessary to provide various services to the Community for the term of this Agreement, and the District accepted all such delegated responsibilities, powers and authority to provide the Services. The services to be provided by the District include covenant enforcement and architectural control, collection of fees and charges, and the trash service agreement. The HOA also transferred cash to the District in the amount of \$77,001 as part of assignment.

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2023

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.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The Colorado Special Districts Property and Liability Pool (the Pool) is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

CROSS CREEK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities, such as bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not 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;
- 2) governmental funds report principal payments on long-term debt as expenditures and the payment to the refunding agent as other financing uses; however, in the statement of activities, these payments reduce long-term debt;
- 3) governmental funds treat bond insurance payments as expenditures; however, in the statement of activities these costs are amortized over the life of the insurance; and,
- 4) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives.

SUPPLEMENTAL INFORMATION

CROSS CREEK METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2023

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 566,261	\$ 566,261	\$ -
Specific ownership taxes	39,628	37,105	(2,523)
Regional improvement funds	20,102	20,102	-
Specific ownership taxes regional	1,407	1,317	(90)
Interest income	<u>7,000</u>	<u>52,676</u>	<u>45,676</u>
 Total Revenues	 <u>634,398</u>	 <u>677,461</u>	 <u>43,063</u>
EXPENDITURES			
Bond principal	195,000	195,000	-
Interest expense	442,475	442,475	-
Paying agent fees	2,500	400	2,100
Regional mill levy	21,207	21,136	71
Treasurers fees	<u>8,795</u>	<u>8,803</u>	<u>(8)</u>
 Total Expenditures	 <u>669,977</u>	 <u>667,814</u>	 <u>2,163</u>
 NET CHANGE IN FUND BALANCES	 (35,579)	 9,647	 45,226
 FUND BALANCE - BEGINNING OF YEAR	 <u>288,039</u>	 <u>298,857</u>	 <u>10,818</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 252,460</u>	 <u>\$ 308,504</u>	 <u>\$ 56,044</u>

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