

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
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YEAR ENDED DECEMBER 31, 2016**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Wyndham Hill Metropolitan District No. 1  
Frederick, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 1, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 1 as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 6, the District holds a Bond Anticipation Note, which matured at December 31, 2015. At the date of this report, the District has the ability to consummate the outstanding BAN in accordance with the GASB No. 62, Paragraph 39, by entering into a financing agreement with the Developer on February 3, 2016. Based on this ability, the District has excluded this BAN from current liabilities as of December 31, 2016. The agreement states that the outstanding BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. The District did not pay off principal or issue a new instrument in 2016. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3-7 and page 27 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
March 13, 2017

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Management's Discussion and Analysis (MD & A) should be read in conjunction with the District's financial statements.

**Financial Highlights**

- The net position of the District increased by \$1,724,190 in 2016, to (\$2,046,583). An overall net deficit is typical in a metropolitan district, which transfers its capital assets to another government entity after construction is complete but retains the related debt in the district until it is paid off.
- Budgeted expenditures were \$36,841 less than actual expenditures in 2016.
- The District has one Bond Anticipation Note outstanding, the 2005 Bond Anticipation Note.
- Capital assets decreased by \$2,206,988 in 2016 primarily due to an increase in assets conveyed to Frederick and the HOA.
- Noncurrent liabilities increased by \$5,436,142, principally due to payment of principal and accrued interest on Developer Advances.

**Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements, presented on pages 8-23 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other required supplementary information presented on page 25.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader of the District's basic financial statements a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference is reported as the net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The government-wide financial statements consolidate governmental activities that are supported from taxes and intergovernmental revenues. Governmental activities consolidate governmental funds including the general fund. The government-wide financial statements can be found on pages 8-9.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2016**

**Fund Financial Statements**

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for special objectives. The District uses governmental funds to account for its activity.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliations are provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

All of the District's activities are reported in a single governmental fund, the general fund, which focuses on how money flows into and out of that fund and the balance left at year-end available for spending in future periods.

The District adopts an annual budget for the governmental fund. A budgetary comparison schedule for the general fund is included in the required supplementary information.

The basic governmental fund financial statements can be found on pages 10-13 of this report.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 14-25 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the District's budgetary comparisons. Required supplementary information can be found on page 27 of this report.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2016**

**Government-wide Financial Analysis**

**Government-wide Net Position**

The assets of the District are classified as current assets and capital assets. Cash and investments are current assets. These assets are available to provide resources for the near-term operations of the District.

Capital assets are used in the operations of the District. These assets represent the construction in progress of the District. Capital assets decreased by \$2,206,988 during the current year due to conveyances to the Town and HOA exceeding additions in 2016.

Current and noncurrent liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable and current portion of long-term debt. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2017.

The liabilities and deferred inflows of resources of the primary government activities exceed assets by \$2,046,583, with an unrestricted net position of (\$2,046,679). The District has \$96 restricted for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado.

**Government-wide Total Assets as compared to Total Liabilities, Deferred Inflows of Resources and Total Net Position:**

|                                     | Net Position          |                       |
|-------------------------------------|-----------------------|-----------------------|
|                                     | 2016                  | 2015                  |
| Assets:                             |                       |                       |
| Current                             | \$ 1,997,294          | \$ 1,464,735          |
| Construction in Process             | 1,467,085             | 3,674,073             |
| Total Assets                        | <u>3,464,379</u>      | <u>5,138,808</u>      |
| Liabilities:                        |                       |                       |
| Current                             | 2,118,853             | 80,431                |
| Noncurrent                          | 3,391,260             | 8,827,402             |
| Total Liabilities                   | <u>5,510,113</u>      | <u>8,907,833</u>      |
| Deferred Inflows of Resources:      |                       |                       |
| Property Tax Revenue                | 849                   | 1,748                 |
| Total Deferred Inflows of Resources | <u>849</u>            | <u>1,748</u>          |
| Net Position:                       |                       |                       |
| Restricted                          | 96                    | 68                    |
| Unrestricted                        | (2,046,679)           | (3,770,841)           |
| Total Net Position                  | <u>\$ (2,046,583)</u> | <u>\$ (3,770,773)</u> |

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2016**

**Government-wide Activities**

All of the District's programs and services are reported as governmental activities. Government activities increased the net position of the District by \$1,724,190. The details of this increase in net position are shown in the following schedule:

**The District's Changes in Net Position**

|                                   | Governmental Activities |                |
|-----------------------------------|-------------------------|----------------|
|                                   | 2016                    | 2015           |
| Revenues:                         |                         |                |
| Program Revenue:                  |                         |                |
| Charges for Services              | \$ 49,363               | \$ -           |
| General Revenue:                  |                         |                |
| Property Taxes                    | 1,748                   | 2,117          |
| Specific Ownership Taxes          | 105                     | 141            |
| Investment Income                 | 1,352                   | 342            |
| City Reimbursement Income         | 84,278                  | 39,144         |
| Intergovernmental Revenue         | 5,262,480               | 8,335,500      |
| Total Revenue                     | 5,399,326               | 8,377,244      |
| Expenses:                         |                         |                |
| Governmental Activities:          |                         |                |
| General Government                | 86,542                  | 101,501        |
| Public Works                      | 3,289,750               | 1,786,836      |
| Interest and Other Fiscal Charges | 298,844                 | 278,715        |
| Total Expense                     | 3,675,136               | 2,167,052      |
| Total Change in Net Position      | 1,724,190               | 6,210,192      |
| Net Position - Beginning of Year  | (3,770,773)             | (9,980,965)    |
| Net Position - End of Year        | \$ (2,046,583)          | \$ (3,770,773) |

Key elements of the decrease in net position for governmental activities are as follows:

- Intergovernmental revenue decreased by \$3,073,020 because in 2015, Wyndham Hill Metropolitan District No. 2 (District No. 2) issued \$8,230,000 in Series 2015 Subordinate Limited Tax General Obligation Bonds and transferred the proceeds to the District. The District did not have significant proceeds to transfer in 2016.
- Assets conveyed to other governments increased \$1,502,914 in 2016.

Business-type activities are comprised of services that would be provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District does not have any business-type activities.



**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2016**

**Financial Analysis of the District's Governmental Fund**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the District's activity is reported in a governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine where there are more or fewer financial resources that can be spent in the near future. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's one governmental fund, the general fund, reported an ending fund balance of \$1,974,238. The District has an unassigned fund balance of \$1,971,068. Fund balance of \$96 is restricted for emergencies.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Actual expenditures of the general fund amounted to \$6,077,120.

**General Fund Budgetary Highlights**

The fund balance for the general fund increased by \$591,682 resulting in an ending fund balance of \$1,974,238. Actual revenue exceeded budgeted revenue by \$18,203 due to reimbursements received from St. Vrain Sanitation District. Actual expenditures were less than budgeted expenditures by \$36,841.

**Economic Factors and Next Year's Budgets and Rates**

- Fund transfers from District No. 2 will be used to pay debt service on the Series 2005 Bonds, repayment of developer advances and the operating costs of the District.

***Requests for Information***

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information shall be addressed to:

Wyndham Hill Metropolitan District No. 1  
Mr. Steve Rane  
2500 Arapahoe, Suite 220  
Boulder, Colorado 80302

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>                          |                            |
| Cash and Investments                   | \$ 1,977,271               |
| Accounts Receivable                    | 16,092                     |
| Property Taxes Receivable              | 849                        |
| Prepaid Items                          | 3,074                      |
| Due from County Treasurer              | 8                          |
| Construction in Progress               | 1,467,085                  |
| Total Assets                           | 3,464,379                  |
| <b>LIABILITIES</b>                     |                            |
| Accounts Payable and Retainage Payable | 22,207                     |
| Due Within the Year:                   |                            |
| Developer Advances                     | 2,096,646                  |
| Due in More Than One Year:             |                            |
| Bond Anticipation Note                 | 3,279,000                  |
| Accrued Interest Payable               | 112,260                    |
| Total Liabilities                      | 5,510,113                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                            |
| Property Tax Revenue                   | 849                        |
| Total Deferred Inflows of Resources    | 849                        |
| <b>NET POSITION</b>                    |                            |
| Restricted for Emergencies             | 96                         |
| Unassigned                             | (2,046,679)                |
| Total Net Position                     | \$ (2,046,583)             |

See accompanying Notes to Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2016**

| Functions/Programs              | Expenses            | Program<br>Revenue | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position<br><u>Governmental<br/>Activities</u> |
|---------------------------------|---------------------|--------------------|--|
| <b>Governmental Activities:</b> |                     |                    |  |
| General Government              | \$ 86,542           | \$ -               | \$ (86,542)  |
| Public Works                    | 3,289,750           | 49,363             | (3,240,387)  |
| Interest and Fiscal Charges     | 298,844             | -                  | (298,844)  |
|                                 | <u>\$ 3,675,136</u> | <u>\$ 49,363</u>   | <u>(3,625,773)</u>   |
| <b>General Revenues:</b>        |                     |                    |  |
|                                 |                     |                    | 1,748  |
|                                 |                     |                    | 105  |
|                                 |                     |                    | 1,352  |
|                                 |                     |                    | 84,278   |
|                                 |                     |                    | 5,262,480  |
|                                 |                     |                    | <u>5,349,963</u>   |
|                                 |                     |                    | <b>Change in Net Position</b> 1,724,190  |
|                                 |                     |                    | Net Position - Beginning of Year (3,770,773)   |
|                                 |                     |                    | <b>Net Position - End of Year</b> \$ (2,046,583)   |

See accompanying Notes to Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2016**

|   | <u>General<br/>Fund</u>    |
|---|----------------------------|
| <b>ASSETS</b>   |                            |
| Cash and Investments  | \$ 1,977,271               |
| Accounts Receivable   | 16,092                     |
| Property Tax Receivable   | 849                        |
| Prepaid Items   | 3,074                      |
| Due from County Treasurer   | <u>8</u>                   |
| Total Assets  | <u><u>\$ 1,997,294</u></u> |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES, AND FUND BALANCE</b> |                            |
| <b>LIABILITIES</b>  |                            |
| Accounts Payable and Retainage Payable                                  | \$ <u>22,207</u>           |
| Total Liabilities   | 22,207                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                    |                            |
| Property Tax Revenue  | <u>849</u>                 |
| Total Deferred Inflows of Resources                                     | 849                        |
| <b>FUND BALANCE</b>   |                            |
| Nonspendable  | 3,074                      |
| Restricted for Emergencies  | 96                         |
| Unassigned  | <u>1,971,068</u>           |
| Total Fund Balance  | <u><u>1,974,238</u></u>    |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance      | <u><u>\$ 1,997,294</u></u> |

See accompanying Notes to Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

|  |              |
|--|--------------|
| Total Fund Balance - Total Governmental Fund | \$ 1,974,238 |
|--|--------------|

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet:

|                                       |           |
|---------------------------------------|-----------|
| Capital Assets, not being Depreciated | 1,467,085 |
|---------------------------------------|-----------|

Some liabilities are not due in the current period and, therefore, are not reported in the fund balance sheet:

|                                |                    |
|--------------------------------|--------------------|
| Bond Anticipation Note Payable | (3,279,000)        |
| Developer Advances             | (2,096,646)        |
| Accrued Interest Payable       | (112,260)          |
|                                | <u>(5,487,906)</u> |

|   |                       |
|---|-----------------------|
| Net Position of Governmental Activities | <u>\$ (2,046,583)</u> |
|---|-----------------------|

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2016**

|  | General<br>Fund |
|--|-----------------|
| <b>REVENUES</b>                                  |                 |
| Property Tax Income                              | \$ 1,748        |
| Specific Ownership Taxes                         | 105             |
| Net Investment Income                            | 1,352           |
| City Reimbursement Income                        | 84,278          |
| Miscellaneous Income                             | 49,363          |
| Intergovernmental Revenue:                       |                 |
| Metropolitan District No. 2 and No. 3            | 5,262,480       |
| Total Revenues                                   | 5,399,326       |
| <b>EXPENDITURES</b>                              |                 |
| Current:   |                 |
| Treasurer and Director Fees                      | 127             |
| Accounting                                       | 36,432          |
| Audit  | 10,300          |
| Insurance  | 3,113           |
| Legal  | 20,978          |
| LC fees  | 1,210           |
| Other  | 8,643           |
| Intergovernmental - District No. 3               | 5,739           |
| Debt Service:                                    |                 |
| Principal  | 1,145,571       |
| Interest   | 3,762,245       |
| Capital Outlay                                   | 1,082,762       |
| Total Expenditures                               | 6,077,120       |
| <b>(DEFICIENCY) OF REVENUE OVER EXPENDITURES</b> | (677,794)       |
| <b>OTHER FINANCING SOURCES</b>                   |                 |
| Proceeds from Developer Advances                 | 1,269,476       |
| Total Other Financing Sources                    | 1,269,476       |
| <b>NET CHANGE IN FUND BALANCE</b>                | 591,682         |
| Fund Balance - Beginning of Year                 | 1,382,556       |
| <b>FUND BALANCE - END OF YEAR</b>                | \$ 1,974,238    |

See accompanying Notes to Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

|  |                     |
|--|---------------------|
| Net Change in Fund Balance - Total Governmental Fund   | \$ 591,682          |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p>  |                     |
| <p>Governmental funds report capital outlays as expenditures. However, for government activities, those capital outlays other than noncapitalizable items are shown in the statement of activities at cost.</p>  |                     |
| Capital Outlay   | 1,082,762           |
| <p>The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal on long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p> |                     |
| Proceeds from Developer Advances   | (1,269,476)         |
| Payment of Principal   | 1,145,571           |
| <p>The change in accrued interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.</p>   |                     |
|  | 3,463,401           |
| <p>Transfers of capital improvements to other entities decrease net position in the statement of activities. This transaction is not reported in the governmental fund as it is not a current use of financial resources.</p>  |                     |
|  | <u>(3,289,750)</u>  |
| Change in Net Position of Governmental Activities  | <u>\$ 1,724,190</u> |

See accompanying Notes to Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Wyndham Hill Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court in Weld County on June 8, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan with Wyndham Hill Metropolitan District No. 2 (District No. 2) and Wyndham Hill Metropolitan District No. 3 (District No. 3) approved by the Town of Frederick (Town) on February 13, 2004 as amended on August 11, 2005, October 12, 2006, and February 14, 2008. Pursuant to the Service Plan, District No. 2 and District No. 3, the financing districts, are intended to provide funding to the District, the operating district, for construction, operation and maintenance of the public improvements, while the District is intended to manage the financial, construction and operation and maintenance of such improvements.

The District was established to provide financing for the design, acquisition, installation, construction, and completion of public improvements, including streets, traffic and safety controls and devices, transportation services, park and recreation, water, mosquito and pest control and sanitation facilities generally located in the collector roadway system, services and programs. The District contracts with Wyndham Hill Master Association, Inc. for the maintenance of park and recreation facilities including a District operated pool and community building. The operation and maintenance of all other services and facilities is anticipated to be provided by other entities and not by the District.

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

The District follows the Governmental Accounting Standards Board (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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District No. 2, District No. 3 and the Town of Fredrick.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.



**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The statement of net position reports all financial resources of the District. The difference between the assets, liabilities and deferred outflows and inflows of resources of the District is reported as a net deficit. The District is responsible for the repayment of bonds issued for the purpose of constructing infrastructure improvements which will be conveyed to the Town. The funds generated through the issuance of the bonds have been transferred from District No. 2 to District No. 1 for that purpose.

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 charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Construction in progress is shown as an increase in assets and increases in notes and advances payable are recorded as an increase in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are intergovernmental revenue and property taxes. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

**Budgets**

In accordance with the State Budget Law, 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.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets (Continued)**

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 adopted budgets for the General Fund, Capital Projects Fund, and Debt Service Fund have been consolidated and reflected as the General Fund budget for financial reporting purposes. During fiscal year 2016, the board of directors approved a supplemental appropriation of \$374,398.

**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 if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenue are recorded as revenue in the year they are available or collected.

**Capital Assets**

Capital assets consist entirely of construction projects in process that will be conveyed to the Town of Frederick once completed. Therefore, no depreciation is calculated on these assets. Interest incurred during construction is not capitalized.

**Fund Balance**

As of December 31, 2016, fund balances of governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. This includes amounts that are not expected to be converted to cash, for example, prepaid amounts

**Restricted** – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

**Committed** – amounts that are subject to a purpose constraint imposed by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance (Continued)**

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the District in its budget process. The purpose of the assignment must be narrower than the purpose of the General Fund.

Unassigned – represents the residual classification for the District’s General Fund and could report a surplus or deficit.

**Restricted Fund Balance**

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. In compliance with this requirement, \$96 of the General Fund balance has been restricted.

The non-spendable fund balance of \$3,074 is made up of prepaid items that will benefit a future period.

The remaining fund balance of the District of \$1,971,068 is considered unassigned.

The District’s order of fund balance spending policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The District reserves the right to selectively spend unassigned fund balance.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2016 consist of the following:

|              |                     |
|--------------|---------------------|
| Restricted   | \$ 96               |
| Unrestricted | 1,977,175           |
| Total        | <u>\$ 1,977,271</u> |

Cash and investments as of December 31, 2016 consist of the following:

|                     |                     |
|---------------------|---------------------|
| Cash Deposits       | \$ 104,606          |
| Cash Held in Escrow | 1,870,565           |
| Investments         | 2,100               |
| Total               | <u>\$ 1,977,271</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 equal to the aggregate uninsured deposits.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Cash Deposits (Continued)**

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's cash deposits were covered under PDPA and not subject to custodial credit risk. At December 31, 2016, the District's cash deposits had a carrying balance of \$1,975,171.

**Investments**

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments. The District also follows investment policies in bond or note agreements when those agreements are more restrictive than state statutes. The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and World Bank 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 funds
- Guaranteed investment contracts
- Local government investment pools\*
- Certain reverse repurchase agreements
- Certain corporate bonds
- Certain securities lending agreements

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of U.S. local government, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

As of December 31, 2016, the District had the following investments:

| <u>Investment</u>                  | <u>Maturity</u>    | <u>Fair Value</u> |
|------------------------------------|--------------------|-------------------|
| *Colorado Surplus Asset Fund Trust | Less than One Year | <u>\$ 2,100</u>   |

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Colorado Surplus Asset Trust Fund**

As of December 31, 2016, the District had invested \$2,100 in the Colorado Surplus Asset Fund Trust, an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust is rated AAAM by Standard & Poor's and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

**NOTE 4 CONSTRUCTION IN PROCESS**

An analysis of the changes in construction in progress for the year ended December 31, 2016 follows:

|                          | Balance at<br>January 1,<br>2016 | Additions    | Retirements  | Balance at<br>December 31,<br>2016 |
|--------------------------|----------------------------------|--------------|--------------|------------------------------------|
| Construction in Progress | \$ 3,674,073                     | \$ 1,082,762 | \$ 3,289,750 | \$ 1,467,085                       |

It is the policy of the Town to accept the maintenance responsibility for traffic and safety controls, park and recreation improvements (except for a pool, community center and associated landscaping), mosquito and pest control, transportation and other related improvements within the Town after a probationary period following completion of construction. When the improvements enter the probationary period, the District will remove the cost of construction from its Statement of Net Position.

During 2016, major conveyances to Frederick include Replat B – Richmond Filing 1 and Replat A – Richmond Filing 4 Phase 5 of \$757,579. The District also conveyed the installation of a traffic signal on Highway 52 at County Road 7 in the amount of \$248,092 to the Colorado Department of Transportation. The District conveyed the Amenity Center to the HOA in the amount of \$2,284,079. Although the title for this asset remains in the name of the District, the right to use, enjoy, and maintain the asset is the responsibility of the HOA as noted in Note 7.

**NOTE 5 RELATED PARTY**

All three of the members of the Board of Directors are employees or are associated with Bellock Construction Company, construction manager and accountants for the District, and Frederick Development Company, Inc., the Developer within the District. During 2016, the District and Districts No. 2 and No. 3 had the same Board of Directors (see Notes 6 and 7).

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 5 RELATED PARTY (CONTINUED)**

**Construction Management Agreement**

A construction management agreement was entered into during 2007 between the District and Bellock Construction Company. The agreement calls for Bellock Construction Company to provide management services of all activities related to construction projects to be completed within Wyndham Hill Metropolitan Districts No. 1, No. 2 and No. 3. The agreement expires on December 31 of each year, but is automatically extended for a successive annual period so long as sufficient funds have been appropriated, unless contrary action is taken.

Amounts paid to Bellock Construction Company during 2016 for construction and construction management was \$82,748.

During 2005, the District entered into a District development agreement with Frederick Development Co., Inc. and KDB Homes, Inc. The agreement provides for the District to construct certain public infrastructure, to the extent required by the Town, for KDB Homes, Inc. to obtain building permits and certificates of occupancy for the residential improvements to be constructed within the District.

At December 31, 2016, the District constructed the required public infrastructure for KDB Homes, Inc. to obtain building permits and certificates of occupancy.

**Accounting Services Agreement**

An accounting services contract was entered into with Bellock Construction Company on March 10, 2005. Under this agreement, accounting services are provided to District No. 1, No. 2 and No. 3 at the hourly annual rates of Bellock Construction Company employees. During 2016, the District incurred accounting services fees in the amount of \$36,432.

**NOTE 6 LONG-TERM OBLIGATIONS**

The District's long-term obligations consist of the following for the year ended December 31, 2016:

|   | Balance at<br>January 1,<br>2016 | Additions           | Reductions          | Balance at<br>December 31,<br>2016 | Due<br>Within<br>One Year |
|---|----------------------------------|---------------------|---------------------|------------------------------------|---------------------------|
| Subordinate Bond:                                   |                                  |                     |                     |                                    |                           |
| Anticipation Note -<br>Frederick Development<br>Co. | \$ 3,279,000                     | \$ -                | \$ -                | \$ 3,279,000                       | \$ -                      |
| Developer Advances:                                 |                                  |                     |                     |                                    |                           |
| Frederick Development<br>Company, Inc.              | 1,972,741                        | 1,269,476           | 1,145,571           | 2,096,646                          | 2,096,646                 |
| Total   | <u>\$ 5,251,741</u>              | <u>\$ 1,269,476</u> | <u>\$ 1,145,571</u> | <u>\$ 5,375,646</u>                | <u>\$ 2,096,646</u>       |

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances for Capital Costs**

In December 2005, the District, along with Districts No. 2 and No. 3, entered into agreements with Frederick Development Company (FDC) whereby FDC will provide up to \$17,100,000 of funding for District infrastructure at a rate of 8.5%. In 2010, the interest rate decreased to 0%. It is anticipated that advances on FDC will be converted to Bond Anticipation Notes as described below on a periodic basis. As of December 31, 2016, \$2,096,646 is due to Frederick Development Company by the District. There was a reduction in principal of \$1,145,571 in 2016 and additional advances of \$1,269,476. At December 31, 2016, the District had \$0 of accrued interest on the developer advances.

**Debt Authorization**

The District has been authorized to issue debt and the principal amount not to exceed \$140,100,000 as voted on in November 2004. The voted authorization has been limited by the service plan approved by the Town of Frederick. \$17,100,000 of the 2004 authorization has been used for the 2005 bond anticipation notes of which \$3,279,000 is outstanding as of December 31, 2016. During November 2005, District voters authorized an additional \$406,000,000 of debt principal. The service plan limits the total new money revenue and general obligation debt for the District, District No. 2 and District No. 3 to \$36,000,000. At December 31, 2016, the District had remaining authorized but unissued indebtedness of \$542,821,000.

**\$3,279,000 Subordinate Bond Anticipation Note.**

In 2005, the District issued a Bond Anticipation Note (BAN) to the Developer covering \$3,279,000 of the previous developer advances made by the Developer. The BAN carries the same interest rate as the loan agreement with the Developer as previously discussed. The District has authorized BAN's not to exceed \$17,100,000. The BAN shall be paid solely from the proceeds of general obligation or revenue bonds to be issued by the District prior to maturity date, or from any revenues made available to the District by District No. 2. Repayment of the BAN is subordinate in all respects to repayment of any outstanding Senior Notes or Senior Debt of the District. In 2010 the BAN matured, however no new BAN was issued to refund. The principal and accrued interest remained outstanding. In 2016, the District issued a Memo of Agreement documenting the aforementioned understanding. Additionally, the MOA documents both parties' intention to issue a BAN dated December 21, 2010 with the same terms as noted above. The District has the ability to consummate the outstanding Note in accordance with GASB No. 62, Paragraph 39 by entering into a financing agreement with the Developer on February 3, 2016. Based on this ability, the District has excluded the Note from current liabilities as of December 31, 2016. The agreement states that the BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. The District did not pay off principal or issue a new instrument in 2016. Interest will continue to accrue until one of those requirements is met. There was interest expense of \$298,844 on the BAN in 2016. At December 31, 2016, the District had \$112,260 of accrued interest on the BAN.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 7 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT  
(SERVICE CONTRACT) AND OTHER AGREEMENTS**

In order to implement the Service Plan, the District entered into an intergovernmental agreement with District No. 2 and No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions have been performed in their entirety or until the agreement is terminated by mutual written agreement of the Districts.

The District is to construct the facilities benefiting the District and some facilities being more regional in nature that also benefit District No. 3 and all such facilities are then transferred to the Town or the HOA as required. District No. 2 and No. 3 will, to the extent that each is to benefit, pay the capital costs and the service costs of operation and maintenance of such facilities (authorized service costs).

District No. 2 and No. 3 are obligated to fund, on an annual basis, the amount of authorized service costs. The funding will come from the issuance of Series 2005 Bonds and the imposition of an ad valorem tax by District No. 2 in an amount not to exceed 11.976 mills, and District No. 3 in an amount of 3 mills. The annual amount due will be equal to the service costs in the final adopted budget of each district in any given year.

**NOTE 8 LINE EXTENSION PARTICIPATION AND REIMBURSEMENT AGREEMENT**

In 2005, the District entered into an agreement with St. Vrain Sanitation District (SVSD) to construct an extension of a sanitary sewer line within SVSD's service area located with the District. Due to the additional capacity of the line, SVSD may sell additional sanitary sewer taps to new customers serviced from the line. SVSD agreed to reimburse the District for costs incurred for the line extension on a yearly basis dependent upon collection by SVSD for all taps issued. The total reimbursable costs incurred by the District are \$459,605. In 2016, the District received \$33,271 for the difference in actual costs of construction, totaling \$537,796, and the amount in the reserve account established by SVSD of \$571,067. Total sanitary sewer taps sold in 2016 totaled \$16,092, as reflected in Accounts Receivable on the financial statements, for total reimbursed costs of \$49,363 as of December 31, 2016. The District is entitled to receive reimbursements until the total reimbursable costs have been repaid or through 2030, whichever comes first.

**NOTE 9 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; 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 (Pool) as of December 31, 2016. 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 during the past three years.



**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

The District pays annual premiums to the Pool for liability 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 10 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's 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.

On May 4, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under TABOR.

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 11 INTERGOVERNMENTAL REVENUES AND EXPENDITURES**

The following intergovernmental revenues and expenditures occurred during fiscal year-end December 31, 2016:

|   | Wyndham Hill<br>Metropolitan<br>District No. 1 | Wyndham Hill<br>Metropolitan<br>District No. 2 | Wyndham Hill<br>Metropolitan<br>District No. 3 | Total<br>Revenues   |
|---|--|--|--|---------------------|
| Wyndham Hill Metropolitan<br>District No. 1 | \$ -   | \$ 5,247,369                                   | \$ 15,111                                      | \$ 5,262,480        |
| Wyndham Hill Metropolitan<br>District No. 3 | 5,739  | -  | -  | 5,739               |
| Total                                       | <u>\$ 5,739</u>                                | <u>\$ 5,247,369</u>                            | <u>\$ 15,111</u>                               | <u>\$ 5,268,219</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2016**

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|---------------------|---|
| <b>REVENUES</b>   |                                 |                              |                     |   |
| Property Taxes  | \$ 1,748                        | \$ 1,748                     | \$ 1,748            | \$ -  |
| Specific Ownership Taxes  | 122                             | 105                          | 105                 | -   |
| Intergovernmental Revenue:  |                                 |                              |                     | -   |
| Metropolitan District No. 2 & No. 3   | 4,322,593                       | 5,260,369                    | 5,262,480           | (2,111)   |
| City Reimbursement Income   | -                               | 84,278                       | 84,278              | -   |
| Net Investment Income   | -                               | 1,352                        | 1,352               | -   |
| Miscellaneous Income  | -                               | 33,271                       | 49,363              | (16,092)  |
| Total Revenues  | <u>4,324,463</u>                | <u>5,381,123</u>             | <u>5,399,326</u>    | <u>(18,203)</u>   |
| <b>EXPENDITURES</b>   |                                 |                              |                     |   |
| Current:  |                                 |                              |                     |   |
| Treasurer and Director Fees   | 226                             | 127                          | 127                 | -   |
| Accounting  | 40,000                          | 42,154                       | 36,432              | 5,722   |
| Audit   | 10,500                          | 10,300                       | 10,300              | -   |
| Insurance   | 3,000                           | 3,460                        | 3,113               | 347   |
| Legal   | 30,000                          | 20,978                       | 20,978              | -   |
| LC fees   | 9,000                           | 1,210                        | 1,210               | -   |
| Other   | 3,500                           | 13,296                       | 8,643               | 4,653   |
| Intergovernmental - District No. 3  | 4,000                           | 3,628                        | 5,739               | (2,111)   |
| Debt Service:   |                                 |                              |                     |   |
| Principal   | 540,450                         | 1,145,571                    | 1,145,571           | -   |
| Interest  | 3,598,887                       | 3,762,245                    | 3,762,245           | -   |
| Capital Outlay  | 1,500,000                       | 1,110,992                    | 1,082,762           | 28,230  |
| Total Expenditures  | <u>5,739,563</u>                | <u>6,113,961</u>             | <u>6,077,120</u>    | <u>36,841</u>   |
| <b>DEFICIENCIES OF REVENUES OVER<br/>EXPENDITURES</b>                                       | (1,415,100)                     | (732,838)                    | (677,794)           | (55,044)  |
| <b>OTHER FINANCING SOURCES</b>  |                                 |                              |                     |   |
| Proceeds from Developer Advances  | -                               | 1,269,476                    | 1,269,476           | -   |
| Total Other Financing Sources   | <u>-</u>                        | <u>1,269,476</u>             | <u>1,269,476</u>    | <u>-</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUE<br/>AND OTHER FINANCING SOURCES<br/>OVER EXPENDITURES</b> | (1,415,100)                     | 536,638                      | 591,682             | 55,044  |
| Fund Balances - Beginning of Year   | <u>1,465,100</u>                | <u>1,465,099</u>             | <u>1,382,556</u>    | <u>(82,543)</u>   |
| <b>FUND BALANCES - END OF YEAR</b>  | <u>\$ 50,000</u>                | <u>\$ 2,001,737</u>          | <u>\$ 1,974,238</u> | <u>\$ (27,499)</u>                                      |