

**VISTAS AT WEST MESA
METROPOLITAN DISTRICT**

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended December 31, 2022

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Vistas at West Mesa Metropolitan District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Vistas at West Mesa Metropolitan District, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise Vistas at West Mesa Metropolitan District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Vistas at West Mesa Metropolitan District, as of December 31, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Vistas at West Mesa Metropolitan 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.

Economic Dependency

The District has not yet established a revenue base sufficient to meet its debt service and operational expenses. As discussed in Note 10, the District is dependent upon future growth in the District and restructuring and refinancing of the District's long-term obligations to provide funds for such expenses. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Vistas at West Mesa Metropolitan 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Vistas at West Mesa Metropolitan 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 Vistas at West Mesa Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vistas at West Mesa Metropolitan District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
July 25, 2023

VISTAS AT WEST MESA METROPOLITAN DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2022

As management of Vistas at West Mesa Metropolitan District (the District) we offer readers of the District’s annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- The District’s liabilities and deferred inflows exceeded its total assets at the close of the most recent fiscal year by \$314,442, resulting in a deficit net position balance.
- The District’s total net position decreased during the year by \$314,442.
- Capital assets net of depreciation increased \$1,025,518 from the prior year.
- The District’s total outstanding long-term debt increased \$1,381,000 from the prior year.
- As of the close of the current fiscal year, the District’s general fund reported a deficit ending fund balance of \$26,937, a decrease of \$26,937 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District’s basic financial statements. The District’s basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District’s finances as a whole, in a manner similar to a private-sector business and include two statements:

The *statement of net position* presents information on all of the District’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases 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 reporting how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type

activities). The governmental activities of the District include general government and debt service. Currently, the District has no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole.

Governmental Funds: The activities of the of the District are reported in three governmental funds. The *General Fund* focuses on (1) how money flows into and out of the funds and (2) the balances left at year-end that are available for spending or reserves. The *Debt Service Fund* accounts for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs. The *Capital Projects Fund* accounts for resources available for acquiring district infrastructure. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

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 government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District. The District adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2022, the District's liabilities and deferred inflows exceeded assets by \$314,442, resulting in a negative net position. The following reflects key financial information in a condensed format:

Condensed Statement of Net Position

	<u>2022</u>
Current and other assets	\$ 139,388
Capital assets	<u>1,025,518</u>
Total assets	<u>1,164,906</u>
Long-term liabilities	1,431,000
Other liabilities	<u>43,906</u>
Total liabilities	<u>1,474,906</u>
Deferred inflows	<u>4,442</u>
Net investment in capital assets	(282,221)
Restricted	3
Unrestricted	<u>(32,224)</u>
Total net position	<u>\$ (314,442)</u>

Condensed Statement of Activities

	<u>2022</u>
Revenues:	
Program revenues:	
Charges for services	\$ -
Operating grants and contributions	-
General revenues:	
Property and other taxes	-
Interest income	<u>10,535</u>
Total revenues	<u>10,535</u>
Expenses:	
General government	62,940
Facilities acquisition and construction	2,885
Interest and fiscal charges	<u>259,152</u>
Total expenses	<u>324,977</u>
Change in net position	(314,442)
Net position, beginning	<u>-</u>
Net position, ending	<u>\$ (314,442)</u>

2022 was the first year of operations. Comparative information will be provided in future years when it is available.

ANALYSIS OF THE DISTRICT'S FUNDS

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

The general fund is the operating fund of the District. The fund balance for the general fund was deficit \$26,937 at the end of the current fiscal year.

BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with state law. An analysis of budget results in the following observations:

- During the year, the 2022 budget was amended to account for the current year debt issuance.
- General fund expenditures were \$22,655 more than anticipated in 2022. The most significant reason for this were general administrative expenses being more than expected.
- Debt Service fund expenditures were \$58 more than anticipated in 2022. The most significant reason for this were issuance costs being more than expected.
- Capital Project fund expenditures were \$10,190 more than anticipated in 2022. The most significant reason for this were capital outlays being more than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2022 amounted to \$1,025,518. This investment in capital assets includes construction in progress added in 2022.

Long-Term Debt

Outstanding debt at December 31, 2022 was \$1,381,000 and consists of general obligation bonds payable. Bonded debt was used to fund public improvements. \$1,381,000 of new debt was issued in 2022.

ECONOMIC FACTORS

The primary factor driving the District's 2023 budget the repayment of developer advances. The District is expected to repay \$980,000 of developer advances in 2023.

The 2023 budget has been prepared with the District's strategic plan in mind and with the priority of providing financial resources to service debt and fund operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide the District's taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Vistas at West Mesa Metropolitan District, c/o WSDM District Managers, 614 N. Tejon Street, Colorado Springs, CO 80903.

BASIC FINANCIAL STATEMENTS

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 9,606
Restricted cash and investments	123,264
Property taxes receivable	4,442
Prepaid items	2,076
Capital assets, not being depreciated	<u>1,025,518</u>
Total assets	<u>1,164,906</u>
LIABILITIES	
Accounts payable	34,812
Accrued interest	9,094
Long-term liabilities:	
Due in more than one year	<u>1,431,000</u>
Total liabilities	<u>1,474,906</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable property tax revenue	<u>4,442</u>
NET POSITION	
Net investment in capital assets	(282,221)
Restricted for:	
TABOR	-
Debt service	3
Unrestricted	<u>(32,224)</u>
Total net position	<u><u>\$ (314,442)</u></u>

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

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 62,940	\$ -	\$ -	\$ (62,940)
Facilities acquisition and construction	2,885	-	-	(2,885)
Interest and fiscal charges	259,152	-	-	(259,152)
Total governmental activities	\$ 324,977	\$ -	\$ -	(324,977)
General revenues:				
Investment income				10,535
Total general revenues				10,535
Change in net position				(314,442)
Net position - beginning				-
Net position - ending				\$ (314,442)

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

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 9,606	\$ -	\$ -	\$ 9,606
Restricted cash and investments	-	3	123,261	123,264
Property taxes receivable	635	3,807	-	4,442
Prepaid expenses	2,076	-	-	2,076
	<u>2,076</u>	<u>-</u>	<u>-</u>	<u>2,076</u>
Total assets	<u>\$ 12,317</u>	<u>\$ 3,810</u>	<u>\$ 123,261</u>	<u>\$ 139,388</u>
LIABILITIES				
Accounts payable	\$ 34,812	\$ -	\$ -	\$ 34,812
	<u>34,812</u>	<u>-</u>	<u>-</u>	<u>34,812</u>
Total liabilities	<u>34,812</u>	<u>-</u>	<u>-</u>	<u>34,812</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	635	3,807	-	4,442
	<u>635</u>	<u>3,807</u>	<u>-</u>	<u>4,442</u>
FUND BALANCES				
Nonspendable	2,076	-	-	2,076
Restricted for:				
TABOR	-	-	-	-
Debt service	-	3	-	3
Capital projects	-	-	123,261	123,261
Unassigned	(25,206)	-	-	(25,206)
	<u>(25,206)</u>	<u>-</u>	<u>-</u>	<u>(25,206)</u>
Total fund balances	<u>(23,130)</u>	<u>3</u>	<u>123,261</u>	<u>100,134</u>
Total liabilities, deferred inflows or resources, and fund balances	<u>\$ 12,317</u>	<u>\$ 3,810</u>	<u>\$ 123,261</u>	<u>\$ 139,388</u>

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

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022**

Total Fund Balance of Governmental Funds		\$	100,134
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 funds.			1,025,518
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:			
Accrued interest	\$	(9,094)	
Developer advance payable		(50,000)	
General obligation bonds payable		<u>(1,381,000)</u>	<u>(1,440,094)</u>
Net position of governmental activities			<u><u>\$ (314,442)</u></u>

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

VISTAS AT WEST MESA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES				
Interest income	\$ -	\$ 10,535	\$ -	\$ 10,535
Total revenues	-	10,535	-	10,535
EXPENDITURES				
General administration	62,940	11,000	-	73,940
Capital outlays	-	-	1,028,403	1,028,403
Debt service:				
Interest and fiscal charges	-	4,637	-	4,637
Issuance costs	-	234,421	-	234,421
Total expenditures	62,940	250,058	1,028,403	1,341,401
Excess (deficiency) of revenues over expenditures	(62,940)	(239,523)	(1,028,403)	(1,330,866)
OTHER FINANCING SOURCES (USES)				
Developer advance	50,000	-	-	50,000
Transfers in (out)	(10,190)	(1,141,474)	1,151,664	-
Proceeds from long-term debt	-	1,381,000	-	1,381,000
Total other financing sources (uses)	39,810	239,526	1,151,664	1,431,000
Net change in fund balances	(23,130)	3	123,261	100,134
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ (23,130)	\$ 3	\$ 123,261	\$ 100,134

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

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$	100,134
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures, but in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>		
Capital outlay		1,025,518
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Interest expense	\$ (9,094)	
Proceeds from long-term debt	<u>(1,431,000)</u>	<u>(1,440,094)</u>
Change in net position of governmental activities		<u><u>\$ (314,442)</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Vistas at West Mesa Metropolitan District (the “District”) is a quasi-municipal corporation and political subdivision duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado, including particularly Title 32, Article 1, C.R.S. The District was formed in 2021 in order to provide certain municipal improvements to some new developments located in the city of Colorado Springs, El Paso County, Colorado. The District, as a metropolitan district, derives its power from state statutes. Among the express statutory powers of the District are the powers of taxation and eminent domain, and the power to borrow money and issue both general obligation and revenue bonds.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Based on the application of these criteria, the District does not include additional organizations within its reporting entity.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental funds:

- The *General Fund* is the general operating fund of the District, used for all financial resources except those required to be accounted for in another fund.
- The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The *Capital Projects Fund* is used to account for all resources available for acquiring district infrastructure.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The 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 period or soon enough thereafter to pay liabilities of the current fiscal 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

Capital Assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than \$15,000 are reported as capital assets.

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and they are not included in the calculation of net investment in capital assets.

Land and construction in progress are not depreciated.

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Long-term Liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and charges to customers 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. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The County Treasurer bills and collects the District’s property tax. District property tax revenues are recognized when levied to the extent they result in current receivables. The tax rate for the year ended December 31, 2022 was 5.000 mills for general operating expenditures, and 30.000 mills for the payment of principal and interest on long-term debt. The District’s assessed valuation for 2022 was \$0.

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statutes for all funds. During October, management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Prior to December 31, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual are the result of the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

Excess of Expenditures over Appropriations

For the year ended December 31, 2022, expenditures exceeded appropriations in the General Fund, the Debt Service Fund and the Capital Projects Fund by \$32,845, \$10,532 and \$10,190, respectively. The excess of expenditures over appropriations were funded by additional revenues received during the year.

Deficit Fund Balance

The General Fund reported a deficit in the fund financial statements as of December 31, 2022. This deficit will be eliminated with the receipt of developer advances.

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk—deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2022 the carrying amount of the District’s deposits was \$9,606 and the bank balances were \$9,606. All of the bank balances were covered by FDIC insurance.

Investments

The District is required to comply with State statutes that specify investment instruments meeting defined rating maturity and concentration risk criteria in which local governments may invest, which include the following.

- Obligations of the United States and certain U.S. government agencies’ securities;
- Certain international agencies’ securities
- General obligation and revenue bonds of U.S. local government entities;
- Bankers’ acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market fund;
- Guaranteed investment contracts.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 90 Days</u>	<u>90 Days to 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>
Money markets	<u>\$ 123,264</u>	<u>\$ 123,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. The District does not have a formal investment policy that would further limit its investment choices. As of December 31, 2022, the District’s investments were rated AAA by Standard & Poor’s.

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State statutes do not address custodial risk. At December 31, 2022, the District does not have a formal investment policy other than following Colorado Revised Statutes (CRS).

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation of Deposits and Investments to the Statements of Net Position:

	<u>Unrestricted Assets</u>	<u>Restricted Assets</u>	<u>Total</u>
Deposits	\$ 9,606	\$ -	\$ 5,293
Investments	<u>-</u>	<u>123,264</u>	<u>123,264</u>
Total deposits and investments	<u>\$ 9,606</u>	<u>\$ 123,264</u>	<u>\$ 132,870</u>

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers:

The composition of interfund transfers for the year ended December 31, 2022 is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 10,190
Debt Service Fund	-	1,141,474
Capital Projects Fund	<u>1,151,664</u>	<u>-</u>
Total	<u>\$ 1,151,664</u>	<u>\$ 1,151,664</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	<u>\$ -</u>	<u>\$ 1,025,518</u>	<u>\$ -</u>	<u>\$ 1,025,518</u>

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 - LONG-TERM OBLIGATIONS

General Obligation Bonds

\$1,381,000 of General Obligation Limited Tax Bonds, Series 2022 were issued on April 28, 2022 for the purpose of: (i) paying the Project Costs; (ii) funding reserves and capitalized interest; and (iii) paying other costs incurred in connection with the issuance of the Bonds. Principal is due annually on December 1 beginning in 2034 through 2051. Interest is due semi-annually on June 1 and December 1 and accrues at an annual interest of 6.750%.

To the extent principal of any Series 2022 bonds are not paid when due, such principal shall remain outstanding until the earlier of (i) the Termination Date of December 1, 2051 or (ii) payment thereof, and shall continue to bear interest at the rate then borne by the Series 2022 Bonds; and (b) to the extent interest on any Series 2022 bonds are not paid when due, such unpaid interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Series 2022 bonds until the earlier of (i) the Termination Date or (ii) payment thereof.

The District is not obligated to pay more than the amount permitted by law, the Service Plan, and its electoral authorization in repayment of the Series 2022 bonds. All of the Series 2022 bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Termination Date, regardless of the amount of principal and interest paid prior to the Termination Date; provided however, that, to the extent the principal of and interest on the Series 2022 bonds remains outstanding, the District shall not be relieved of the obligation to impose the required mill levy each year prior to the year in which the Termination Date occurs.

The Series 2022 bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2027, and on any date thereafter, upon payment of the sum of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2027 to February 29, 2028	3.00%
March 1, 2028 to February 28, 2029	2.00
March 1, 2029 to February 28, 2030	1.00
March 1, 2030 and thereafter	0.00

Funding agreements

The District has entered into Funding Agreements with the Developer (see Note 8) to advance funds to the District for capital and operations and maintenance expenses to enable the District to provide services. The District will repay the Developer to the extent that the funds are available or, at the discretion of the District, from available bond proceeds. Simple interest accrues at 8% from the date any such advance is made to the earlier of the date of the Reimbursement Obligation, as defined in the agreement, is issued or the date of repayment.

Unissued debt

On November 2, 2021, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$108,000,000 at an interest rate not to exceed 18% per annum. \$106,619,000 remains unauthorized and unissued as of December 31, 2022.

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending December 31	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ -	\$ 93,218
2024	-	93,218
2025	-	93,218
2026	-	93,218
2027	-	93,218
2028-2032	-	466,088
2033-2037	128,000	457,179
2038-2042	299,000	386,035
2043-2047	453,000	265,680
2048-2051	<u>501,000</u>	<u>86,131</u>
Total	<u>\$ 1,381,000</u>	<u>\$ 2,127,203</u>

Changes in Long-term Obligations

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2022:

	<u>Balance 12/31/21</u>	<u>Debt Issued And Additions</u>	<u>Reductions</u>	<u>Balance 12/31/22</u>	<u>Due Within One year</u>
General Obligation Bonds	\$ -	\$ 1,381,000	\$ -	\$ 1,381,000	\$ -
Developer Advances	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 1,431,000</u>	<u>\$ -</u>	<u>\$ 1,431,000</u>	<u>\$ -</u>

NOTE 7 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §§ 24-10-101, et seq., CRS, the District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during any of the last three fiscal years.

NOTE 8 – AGREEMENTS

On March 11, 2022, the District entered into a Funding and Reimbursement Agreement (the "FRA") and an Infrastructure Acquisition and Reimbursement Agreement (the "IARA") to repay advances made by the Developer for the costs of district formation, operations and maintenance (O&M) costs, and improvements.

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 – AGREEMENTS (CONTINUED)

Under the FRA, the District received advances from the Developer as of December 31, 2022 totaling \$50,000 (see Note 6). Accrued interest on the FRA as of December 31, 2022 totaled \$1,326.

NOTE 9 – RELATED PARTY

The Developer of the property which constitutes the District is Grays Development Company Inc. The majority members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

NOTE 10 – ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to meet its operational expenses and is dependent upon future growth in the District and advances from the Developer for funding operational and capital expenses.

NOTE 11 – AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the 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 November 2, 2021, the District's voters approved an annual increase in property taxes of \$10,000,000 without limitation of rate, to pay the District's operations and maintenance costs. The election also approved an additional annual increase in property taxes of \$25,000,000 without limitation of rate, to pay the District's capital costs. The District was authorized to collect, retain and spend such revenue as permanent revenue change under TABOR and an exception to the limitations set forth in Section 29-1-203, Colorado Revised Statutes.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTARY INFORMATION

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes	\$ 3	\$ -	\$ -	\$ -
Specific ownership taxes	-	-	-	-
Interest income	500	-	-	-
Total revenues	<u>503</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
General administration	<u>60,450</u>	<u>40,285</u>	<u>62,940</u>	<u>(22,655)</u>
Total expenditures	<u>60,450</u>	<u>40,285</u>	<u>62,940</u>	<u>(22,655)</u>
Excess (deficiency) of revenues over expenditures	<u>(59,947)</u>	<u>(40,285)</u>	<u>(62,940)</u>	<u>(22,655)</u>
OTHER FINANCING SOURCES (USES)				
Developer advance	25,000	50,000	50,000	-
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(10,190)</u>	<u>(10,190)</u>
Total other financing sources (uses)	<u>25,000</u>	<u>50,000</u>	<u>39,810</u>	<u>(10,190)</u>
Net change in fund balance	(34,947)	9,715	(23,130)	(32,845)
Fund balance - beginning	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 20,053</u>	<u>\$ 9,715</u>	<u>\$ (23,130)</u>	<u>\$ (32,845)</u>

See the accompanying Independent Auditors' Report.

SUPPLEMENTAL INFORMATION

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Property taxes	\$ -	\$ 10,535	\$ 10,535
Specific ownership taxes	-	-	-
Interest income	3	-	(3)
	<u>3</u>	<u>10,535</u>	<u>10,532</u>
EXPENDITURES			
General administration	11,000	11,000	-
Debt service			
Interest	4,636	4,637	(1)
Issuance costs	234,364	234,421	(57)
	<u>250,000</u>	<u>250,058</u>	<u>(58)</u>
Excess (deficiency) of revenues over expenditures	<u>(249,997)</u>	<u>(239,523)</u>	<u>10,474</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(1,131,000)	(1,141,474)	(10,474)
Bond proceeds	1,381,000	1,381,000	-
	<u>250,000</u>	<u>239,526</u>	<u>(10,474)</u>
Net change in fund balance	3	3	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

**VISTAS AT WEST MESA METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Interest income	\$ 10,474	\$ -	\$ (10,474)
Total revenues	<u>10,474</u>	<u>-</u>	<u>(10,474)</u>
EXPENDITURES			
Capital outlays	<u>1,018,213</u>	<u>1,028,403</u>	<u>(10,190)</u>
Total expenditures	<u>1,018,213</u>	<u>1,028,403</u>	<u>(10,190)</u>
Excess (deficiency) of revenues over expenditures	(1,007,739)	(1,028,403)	(20,664)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>1,131,000</u>	<u>1,151,664</u>	<u>20,664</u>
Net change in fund balance	123,261	123,261	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 123,261</u>	<u>\$ 123,261</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.