

Cottonwood Highlands Metropolitan District No. 1

Year Ended December 31, 2024
with
Independent Auditor's Report

Cottonwood Highlands Metropolitan District No. 1

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with
Independent Auditor's Report

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Board of Directors
Cottonwood Highlands Metropolitan District No. 1
Douglas County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cottonwood Highlands Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Cottonwood Highlands Metropolitan District No. 1 as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

Other Matters

Required Supplemental Information

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

Supplementary Information

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

The logo for Wipfli LLP, featuring the company name in a stylized, handwritten-style font.

Wipfli LLP
Denver, Colorado

March 2, 2026

Cottonwood Highlands Metropolitan District No. 1

Statement of Net Position December 31, 2024 (See Independent Auditor's Report)

	Statement of Net Position
Assets:	
Cash and investments	\$ 509,774
Cash and investments - restricted	59,822
Accounts receivable	3,487
Prepaid insurance	18,824
Receivable from county treasurer	10,194
Property tax receivable	1,305,498
Capital assets:	
Capital assets net of depreciation	<u>2,148,191</u>
Total assets	<u>\$ 4,055,790</u>
Liabilities:	
Accounts payable	\$ 18,190
Accrued bond interest	72,054
Noncurrent liabilities:	
Due within one year	70,000
Due after one year	<u>19,974,197</u>
Total liabilities	<u>20,134,441</u>
Deferred inflows of resources:	
Deferred property tax revenue	<u>1,305,498</u>
Net position:	
Net investment in capital assets	(17,968,060)
Restricted for:	
Emergency reserve	10,980
Debt service	(14,661)
Unrestricted	<u>587,592</u>
Total net position	<u>\$ (17,384,149)</u>

(See Notes to Basic Financial Statements)

Cottonwood Highlands Metropolitan District No. 1

Statement of Activities Year Ended December 31, 2024 (See Independent Auditor's Report)

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 676,593	\$ 5,600	\$ 31,333	-	(639,660)
Interest in Long-Term Debt and related costs	2,318,747	-	-	-	(2,318,747)
Total Governmental Activities	2,995,340	5,600	31,333	-	(2,958,407)
General Revenues					
Property Taxes				\$ 1,527,260	
Specific Ownership Taxes				113,781	
Interest Income				227,708	
Other Revenue				166,214	
Total General Revenues and Transfers				2,034,963	
Changes in Net Position					(923,444)
Net Position (Beginning of Year)					(16,460,705)
Net Position - End of Year					(17,384,149)

(See Notes to Basic Financial Statements)

Cottonwood Highlands Metropolitan District No. 1

Balance Sheet December 31, 2024 (See Independent Auditor's Report)

	General	Debt Service	Total Governmental Funds
Assets:			
Cash and investments	\$ 509,774	\$ -	\$ 509,774
Cash and investments - restricted	10,980	48,842	59,822
Receivable from county treasurer	1,643	8,551	10,194
Accounts receivable	3,487	-	3,487
Prepaid insurance	18,824	-	18,824
Property tax receivable	255,980	1,049,518	1,305,498
Total assets	<u>\$ 800,688</u>	<u>\$ 1,106,911</u>	<u>\$ 1,907,599</u>
Liabilities:			
Accounts payable	\$ 18,190	\$ -	\$ 18,190
Total liabilities	<u>18,190</u>	<u>-</u>	<u>18,190</u>
Deferred inflows of resources:			
Deferred property tax	255,980	1,049,518	1,305,498
Fund balance:			
Nonspendable			
Prepaid expense	18,824	-	18,824
Restricted for:			
Emergency reserve	10,980	-	10,980
Debt service	-	57,393	57,393
Assigned to:			
Subsequent year's expenditures	82,720	-	82,720
Unassigned	413,994	-	413,994
Total fund balances	<u>526,518</u>	<u>57,393</u>	<u>583,911</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 800,688</u>	<u>\$ 1,106,911</u>	

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.	2,148,191
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest	(127,296)
Bonds Payable	(19,630,000)
Developer Advance Payable	(250,624)
Unamortized Bond Premium	(108,331)
Net position of Governmental Activities	<u>\$ (17,384,149)</u>

(See Notes to Basic Financial Statements)

Cottonwood Highlands Metropolitan District No. 1

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds Year Ended December 31, 2024 (See Independent Auditor's Report)

	General	Debt Service	Total Governmental Funds
Revenues:			
Property tax	\$ 246,019	\$ 1,281,241	\$ 1,527,260
Specific ownership tax	18,328	95,453	113,781
Operations and maintenance fee	5,600	-	5,600
Interest income	20,970	206,738	227,708
Reimbursed expenditures	31,333	-	31,333
Maintenance reimbursement	166,214	-	166,214
Total revenues	<u>488,464</u>	<u>1,583,432</u>	<u>2,071,896</u>
Expenditures:			
Current:			
Accounting	17,791	-	17,791
Auditing	6,500	-	6,500
Bad debt expense	2,442	-	2,442
Bond issuance costs	-	419,290	419,290
County Treasurer's Fee	3,692	19,230	22,922
Director fees	4,064	-	4,064
District management	28,453	-	28,453
Dues and membership	571	-	571
Education and conference	3,535	-	3,535
Electricity	4,151	-	4,151
Fence and sign maintenance	306	-	306
Holiday lighting	5,736	-	5,736
Insurance	9,549	-	9,549
Irrigation repairs and maintenance	27,501	-	27,501
Landscaping	271,853	-	271,853
Legal	29,518	-	29,518
Miscellaneous	257	-	257
Other maintenance	538	-	538
Playground maintenance	5,966	-	5,966
Postage	36	-	36
Reimbursable expenses	276	-	276
Snow removal	11,517	-	11,517
Water	77,184	-	77,184
Debt Service:			
Bond interest	-	373,750	373,750
Paying agent fees	-	7,000	7,000
Total expenditures	<u>511,436</u>	<u>819,270</u>	<u>1,330,706</u>
Other Financing Sources (Uses)			
Bond proceeds	-	19,630,000	19,630,000
Payment to Refunding Agent	-	(22,545,242)	(22,545,242)
Bond discount	-	(108,331)	(108,331)
Transfer to (from) other funds	(15,241)	15,241	-
Total Other Financing Sources (Uses)	<u>(15,241)</u>	<u>(3,008,332)</u>	<u>(3,023,573)</u>
Excess (deficiency) of revenue over expenditures	(38,213)	(2,244,170)	(2,282,383)
Fund balances/net position - beginning of year	<u>564,731</u>	<u>2,301,563</u>	<u>2,866,294</u>
Fund balances/net position - end of year	<u>\$ 526,518</u>	<u>\$ 57,393</u>	<u>\$ 583,911</u>

(See Notes to Basic Financial Statements)

Cottonwood Highlands Metropolitan District No. 1

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities Year Ended December 31, 2024 (See Independent Auditor's Report)

Net Change in Fund Balance - Total Governmental funds	\$	(2,282,383)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Depreciation expense	(145,927)
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Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond proceeds	(19,630,000)
Bond principal refunded	19,332,414
Bond discount	(108,331)

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.

Accrued interest payable - change in liability	1,924,722
Accrued developer advance interest payable - change in liability	<u>(13,939)</u>

Change in Net Position of Governmental Activities	\$	<u><u>(923,444)</u></u>
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(See Notes to Basic Financial Statements)

Cottonwood Highlands Metropolitan District No. 1

Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget General Fund Year Ended December 31, 2024 (See Independent Auditor's Report)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Property tax	\$ 244,697	\$ 246,019	\$ 246,019	\$ -
Specific ownership tax	22,023	18,328	18,328	-
Operations and maintenance fee	-	5,600	5,600	-
Interest income	16,000	20,970	20,970	-
Reimbursed expenditures	-	31,333	31,333	-
Maintenance reimbursement	-	166,214	166,214	-
Total revenues	<u>282,720</u>	<u>488,464</u>	<u>488,464</u>	<u>-</u>
Expenditures:				
Accounting	44,000	17,791	17,791	-
Auditing	6,050	6,500	6,500	-
Bad debt expense	-	2,442	2,442	-
County Treasurer's Fee	3,670	3,692	3,692	-
Director fees	-	4,064	4,064	-
District management	26,400	28,453	28,453	-
Dues and membership	750	571	571	-
Education and conference	-	3,535	3,535	-
Electricity	4,000	4,151	4,151	-
Fence and sign maintenance	20,000	306	306	-
Holiday lighting	-	5,736	5,736	-
Insurance	10,500	9,549	9,549	-
Irrigation repairs and maintenance	15,000	27,501	27,501	-
Landscaping	115,000	271,853	271,853	-
Legal	33,000	29,518	29,518	-
Miscellaneous	1,400	257	257	-
Other maintenance	-	538	538	-
Playground maintenance	6,000	5,966	5,966	-
Postage	-	36	36	-
Reimbursable expenses	-	276	276	-
Snow removal	12,000	11,517	11,517	-
Water	65,000	77,184	77,184	-
Contingency	3,230	-	-	-
Total expenditures	<u>366,000</u>	<u>511,436</u>	<u>511,436</u>	<u>-</u>
Other Financing Sources:				
Transfer from Other Fund	<u>-</u>	<u>(15,241)</u>	<u>(15,241)</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>(15,241)</u>	<u>(15,241)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(83,280)	(38,213)	(38,213)	-
Fund balance - beginning of year	<u>459,208</u>	<u>564,731</u>	<u>564,731</u>	<u>-</u>
Fund balance - end of year	<u>\$ 375,928</u>	<u>\$ 526,518</u>	<u>\$ 526,518</u>	<u>\$ -</u>

(See Notes to Basic Financial Statements)

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies

The accounting policies of Cottonwood Highlands Metropolitan District No. 1 (the "District"), located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of reporting entity

The District, was organized on January 26, 2015 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County Colorado. The District was established to provide financing for the design, acquisition, installation, construction, and completion of public improvements and services, including water, sanitation, street, safety and fire protection, security, park and recreation, transportation, television relay and translation, and mosquito control improvements and services.

The District follows 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.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District has no component units as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Basis of presentation

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

The statement of net position and the statement of activities report information on all of the governmental activities of the District. The statement of activities demonstrates the degree to which expenditures/revenues of the governmental funds are supported by general revenues. The effect of interfund activity has been removed from these statements.

The statement of net position reports all financial and capital resources of the District. The difference between (a) assets and deferred outflows of resource and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement focus, basis of accounting and financial statement presentation

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

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

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting and financial statement presentation (continued)

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in other funds.

Debt Fund - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets and budgetary accounting

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before October 15, the Board causes to be prepared a proposed operating budget for each fund, based on their respective basis of accounting, for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Following public notice as required by state law, a public hearing is held on the proposed budget.
3. After considering comments received, the budget is formally adopted by resolution.
4. On or before December 15, the required mill levy is adopted by resolution. The mill levy is then certified to the county commissioners.
5. Before December 31, the expenditures are appropriated for the ensuing year. The appropriation is at the total fund level and lapses at year-end.

Encumbrance accounting, under which commitments related to unperformed contracts for goods and services are recorded to reserve a portion of the current appropriation, is not used by the District.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements Year Ended December 31, 2024 (See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Cash

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

Capital assets

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

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

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful life:

Parks and recreation	20 years
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Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities.

Amortization – original issue premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued, and premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Maintenance reimbursement

The District and Cottonwood Metropolitan District (CMD) entered into an agreement dated March 26, 2024 (as amended September 23, 2025) providing for the reimbursement of certain landscape maintenance costs by CMD to the District. During 2024, CMD paid \$166,214 to the District under this agreement.

Fund balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Fund balances (continued)

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

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

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

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

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

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

Net position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position as follows:

Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. The District had a restricted net position as of December 31, 2024 for emergency reserve of \$10,980.

Unrestricted net position – Consists of all other net positions that do not meet the definition of the above components and is available for general use by the District.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

2. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The County certifies the assessed valuation of the District in August of the preceding year, and the District is obligated to certify the mill levies to the County by December 15 of the preceding year. Taxes are levied on December 22 and due in either one installment on April 30, or two installments on February 28 and June 15. The County bills and collects the District's property taxes. The 2024 general property taxes, which are assessed and collected in 2024, have been accrued as receivables and deferred revenue at December 31, 2024. As taxes are collected during 2024, the accrual and deferral are reduced accordingly.

3. Cash and Investments

Cash and investments as of December 31, 2024 are classified on the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 509,774
Cash and investments - restricted	59,822
	<u>\$ 569,596</u>

Cash and investments as of December 31, 2024 consist of the following:

Deposits with Financial Institutions	\$ 14,899
Investments	<u>554,697</u>
Total cash and investments	<u>\$ 569,596</u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments deposit cash in eligible depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements Year Ended December 31, 2024 (See Independent Auditor's Report)

3. Cash and Investments (continued)

At December 31, 2024, the District's cash deposits had a bank balance and carrying balance as follows:

	Carrying Balance	Bank Balance
Insured deposits	<u>\$ 14,899</u>	<u>\$ 14,899</u>

Investments

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is a pooled money market savings account and is not required to be categorized within the fair value hierarchy.

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

None of the District's investments are subject to custodial or concentration of credit risk.

As of December 31, 2024, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 554,697</u>
		<u>\$ 554,697</u>

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements Year Ended December 31, 2024 (See Independent Auditor's Report)

4. Long Term Obligations

The following is an analysis of changes in long-term obligations for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Payments	Balance at December 31, 2024	Current Portion
Bonds Payable:					
General Obligation Bonds					
Series 2024	\$ -	\$ 19,630,000	\$ -	\$ 19,630,000	\$ 70,000
Series 2019A	14,950,000	-	14,950,000	-	-
Series 2019B	4,185,000	-	4,185,000	-	-
Accrued Interest					
Series 2019B	1,989,726	457,466	2,447,192	-	-
Series 2024	-	55,242	-	55,242	-
Subtotal Bonds Payable	<u>21,124,726</u>	<u>20,142,708</u>	<u>21,582,192</u>	<u>19,685,242</u>	<u>70,000</u>
Other Debts:					
Developer Advance - Operating	173,763	-	-	173,763	-
Developer Advance - Operating Interest	62,922	13,939	-	76,861	-
Subtotal Other Debts	<u>236,685</u>	<u>13,939</u>	<u>-</u>	<u>250,624</u>	<u>-</u>
Bond Premium/Discount:					
Bond Premium - Series 2019A	197,414	-	197,414	-	-
Bond Discount - Series 2024	-	108,331	-	108,331	-
Subtotal Other Debts	<u>197,414</u>	<u>108,331</u>	<u>197,414</u>	<u>108,331</u>	<u>-</u>

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2019A (the 2019A Senior Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2019B

In May 2019, the District issued the 2019 Bonds in the par amounts of \$14,970,000 for the 2019A Senior Bonds and \$4,185,000 for the 2019B Subordinate Bonds. Proceeds from the sale of the 2019A Senior Bonds were used to: i) finance public improvements; ii) pay capitalized interest on the 2019A Senior Bonds; iii) fund the Senior Reserve Fund; and iv) pay the costs of issuing the 2019 Bonds. Proceeds from the sale of the 2019B Subordinate Bonds were used to finance and refinance public improvements.

The 2019A Senior Bonds bear interest at the rate of 5.0% per annum and are payable semiannually on June 1 and December 1, beginning on December 1, 2019. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The 2019A Senior Bonds mature on December 1, 2049. To the extent interest on any 2019A Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the 2019A Senior Bond.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

4. Long Term Obligations (continued)

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2019A (the 2019A Senior Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2019B (continued)

The 2019B Subordinate Bonds bear interest at the rate of 8.75% per annum and are payable annually on December 15, beginning December 15, 2019, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2049. The 2019B Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2019B Subordinate Bonds compounds annually on each December 15.

With the issuance of the Series 2024 Bonds, the 2019A Senior Bonds are considered defeased and the outstanding balance has been removed from the governmental activities balance sheet. The 2019B Subordinate Bonds were fully repaid with proceeds from the 2024 Bonds.

Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2024

The District issued the 2024 Bonds on November 7, 2024, in the par amount of \$19,630,000. The Bonds included an original issue discount of \$108,331 which will be amortized over the remaining life of the bonds. Proceeds from the sale of the 2024 Bonds were used to: (i) refund the existing 2019 Bonds and (ii) pay the costs of issuing the 2024 Bonds.

The 2024 Bonds bear interest at rates ranging from 3.00% to 5.00% per annum and are payable semiannually on June 1 and December 1, beginning June 1, 2025. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2025. The 2024 Bonds mature on December 1, 2054. To the extent principal of any bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 2, 2056. To the extent interest on any 2024 Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the 2024 Bond. If any amounts due on the 2024 Bonds remain outstanding on December 2, 2056, such amounts shall be deemed discharged and will no longer be due and outstanding.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

4. Long Term Obligations (continued)

Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2024 (continued)

Optional Redemption

The 2024 Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Redemption Date</u>	<u>Redemption Premium</u>
December 1, 2029, to November 30, 2030	3.00%
December 1, 2030, to November 30, 2031	2.00%
December 1, 2031, to November 30, 2032	1.00%
December 1, 2032, and thereafter	0.00%

Pledged Revenue

The 2024 Bonds are secured by and payable solely from and to the extent of Pledged Revenue, net of any costs of collection, which includes a) all Property Tax Revenues; b) all Specific Ownership Tax Revenues (as defined in the Indenture of Trust); and c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

Property Tax Revenues

"Property Tax Revenues" mean all moneys derived from imposition by the District of the Required Mill Levy and are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. Property Tax Revenues do not include specific ownership tax revenues.

Required Mill Levies

Pursuant to the Indenture, prior to the Conversion Date, the District is to impose a Required Mill Levy in an amount necessary to generate Property Tax Revenues sufficient to pay the annual debt requirements for the next succeeding calendar year, pay any Bond Insurer Reimbursement Amounts, fund the Reserve Fund up to the Reserve Requirement and pay any Policy Costs, but not in excess of 35 mills.

In the event that the method of calculating assessed valuation is changed after January 1, 2000, the maximum levy of 35 mills will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished or enhanced as a result of such changes (for purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation).

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

4. Long Term Obligations (continued)

Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2024 (continued)

Required Mill Levies (continued)

On and after the Conversion Date, the District is to impose a Required Mill Levy in an amount (without limitation to rate) sufficient to pay the annual debt requirements for the next succeeding calendar year, pay any Bond Insurer Reimbursement Amounts, fund the Reserve Fund up to the Reserve Requirement and pay any Policy Costs. On and after the Conversion Date, the definition of Required Mill Levy is to be determined exclusively by this paragraph regardless of any subsequent increase in the Debt to Assessed Ratio.

The Conversion Date is the first date on which all of the following conditions are met: a) the Debt to Assessed Ratio is 50% or less; b) no amounts of principal or interest on the 2024 Bonds are due but unpaid; and c) the amount on deposit in the Reserve Fund is not less than the Reserve Requirement.

Reserve Fund

On the issuance of the 2024 Bonds, there shall be deposited into the Reserve Fund the Reserve Policy in satisfaction of the Reserve Requirement. Moneys in the Reserve Fund, comprised of amounts drawn on the Reserve Policy, shall be used for the purpose of paying principal and interest on the Bonds to the extent moneys in the Bond Fund is insufficient. Under no circumstances is the District obligated to replace the Reserve Policy with cash to fund the Reserve Requirement. The District shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Bond Insurer.

Unused Lines of Credit

The Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the 2024 Bonds.

Acceleration

The 2024 Bonds are not subject to acceleration.

Termination Events

The 2024 Bonds do not have a termination provision.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

4. Long Term Obligations (continued)

Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2024 (continued)

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the Indenture:

- a) Before the Unlimited Tax Receipt Date, the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture;
- b) On and after the Unlimited Tax Receipt Date, the District fails to pay the principal of, premium if any, or interest on the Bonds when due
- c) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or Bond Resolution, and fails to remedy the same after notice thereof;
- d) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

The outstanding principal and interest of the 2024 Bonds are due as follows:

Year	Principal	Interest	Total
2025	70,000	922,293	992,293
2026	300,000	862,550	1,162,550
2027	220,000	847,550	1,067,550
2028	255,000	836,550	1,091,550
2029	265,000	823,800	1,088,800
2030-2034	1,755,000	3,891,500	5,646,500
2035-2039	2,545,000	3,377,500	5,922,500
2040-2044	3,520,000	2,712,150	6,232,150
2045-2049	4,630,000	1,902,088	6,532,088
2050-2054	6,070,000	801,125	6,871,125
	<u>\$ 19,630,000</u>	<u>\$ 16,977,106</u>	<u>\$ 36,607,106</u>

On November 4, 2014, the District's voters authorized total indebtedness of \$200,000,000 for the above listed facilities. The District's voters also authorized total indebtedness of \$30,000,000 each for debt refunding and debt related to intergovernmental agreements or other contracts with public entities. The election also approved an annual increase in property taxes of \$5,000,000 without limitation of rate, to pay the District's operations and maintenance costs.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

5. 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; and natural disasters. The District purchases insurance coverage from the Colorado Special Districts Property and Liability Pool (the "Pool") covering all areas in which there is a risk of loss. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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.

6. Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known 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.

On November 4, 2014, a majority of the District's electors authorized the District to collect and spend or retain, beginning in 2014 and for each subsequent year, all revenues of the District without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements Year Ended December 31, 2024 (See Independent Auditor's Report)

7. Net Position

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 2,148,191
Bond Discount, Net	(108,331)
Bonds and Loans Outstanding	(19,630,000)
Developer Advance Payable	(250,624)
Accrued Interest	(127,296)
	<u>(17,968,060)</u>
Net Investment in Capital Assets	<u>\$ (17,968,060)</u>

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2024, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 10,980
Debt Service Reserve	(14,661)
	<u>(3,681)</u>
Total Restricted Net Position	<u>\$ (3,681)</u>

The District's unrestricted net position as of December 31, 2024, totaled \$587,592.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

8. Related Parties

Reimbursement Allocation Agreement

On May 29, 2015, the District entered into the Reimbursement Allocation Agreement with C&J Land Investments, LLC, S&L Land Investments, LLC, K&H Land Investments, LLC, Colorado Venture III, LLC, Colorado Venture I, LLC, Parkwood East, LLC, Clay Carlson, Kent Carlson and Scott Carlson (collectively and jointly and severally, Carlson), and Lennar Colorado, LLC, (Lennar). Carlson and Lennar can be referred to collectively as "Parties" or individually as a "Party". When the District incurs Debt to pay for the acquisition of Public Infrastructure that has been or will be constructed pursuant to the terms of a Facilities Acquisition Agreement, the Parties (or any of them) shall obtain from the debt advisor that the District has engaged in connection with its bond underwriting process (Debt Advisor) the projected assessed ad valorem valuation of Property within the District that was used to calculate and determine the amount of the Debt incurred by the District (Utilized AV). The Parties will engage the Debt Advisor to apportion the Utilized AV between and among the development phases of the Property as identified by the Parties. Each Phase's share (Share) of the amount of the Debt that is incurred by the District will be a percentage that is determined by dividing the Utilized AV that has been apportioned to that Phase of the Property by the total Utilized AV. The total amount of payments received by any owner with respect to a Phase under a Facility Acquisition Agreement may not exceed the applicable Share of the Debt apportioned to that Phase. As the construction of Public Infrastructure for a Phase is completed by a Party, such Party may submit the cost of the Public Infrastructure to the District pursuant to a Facilities Acquisition Agreement and receive payment.

Amended and Restated Reimbursement Allocation Agreement

On September 26, 2017, the District entered into the Amended and Restated Reimbursement Allocation Agreement with Lennar Colorado, LLC; Century at Compark Village North, LLC; C&J Land Investments, LLC; S&L Land Investments, LLC; K&H Land Investments, LLC; Colorado Venture III, LLC; Colorado Venture I, LLC; Parkwood East, LLC; and Clay Carlson, Kent Carlson, and Scott Carlson, Individuals, all of whom are referred to as "Parties" or individually as a "Party". The Parties agree that with respect to the net proceeds of any Debt incurred by the District, each Party shall be entitled to receive from the District pursuant to the Facilities Acquisition Agreement executed by each Party and any other agreement entered between the Party and the District, its "Share" of the District Debt Proceeds as defined in the agreement.

Funding and Reimbursement Agreement

On September 26, 2017, the District entered into the Funding and Reimbursement Agreement with Lennar (the Developer). The Developer agrees to loan the District not to exceed the aggregate of \$60,000 per annum for five years, up to \$300,000. These funds shall be loaned to the District in one or a series of installments and shall be available to the District through December 31, 2021. The loan bears simple interest rate of 8% per annum, from the date any such advance is made. As of December 31, 2024, the District has operating advance payable of \$236,685 of which \$173,763 is principal and \$62,922 is accrued interest.

Cottonwood Highlands Metropolitan District No. 1

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

8. Related Parties (continued)

Facilities Acquisition Agreements

On September 26, 2017, the District entered into the Facilities Acquisition Agreement with Lennar. Lennar has incurred certain costs related to public infrastructure for the benefit of the District. The District has agreed to: (i) reimburse Lennar the Construction Costs for all completed public infrastructure authorized by the District's Service Plan; and (ii) acquire any such completed Public Infrastructure constructed for the benefit of the District from Lennar that is not being dedicated to other governmental entities. No additional reimbursement is expected of the District.

On September 26, 2017, the District entered into the Facilities Acquisition Agreement with Century (the Developer). Century has incurred certain costs related to public infrastructure for the benefit of the District. The District has agreed to: (i) reimburse Century the Construction Costs for all completed public infrastructure authorized by the District's Service Plan; and (ii) acquire any such completed Public Infrastructure constructed for the benefit of the District from Century that is not being dedicated to other governmental entities. The District paid the maximum allowed amount pursuant to the Agreement in January 2020.

Intergovernmental Agreement Regarding BrightView Landscape Services, Inc.

The District entered into the Intergovernmental Agreement Regarding BrightView Landscape Services, Inc. 2023 Landscape Services Agreement with Cottonwood Metropolitan District (CWMD) on February 28, 2023. CWMD contributed \$182,228 to the District to pay for costs associated with BrightView Landscape's services to the District during 2023. The IGA terminated on December 31, 2023.

Supplementary Information

Cottonwood Highlands Metropolitan District No. 1

Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget Debt Service Fund Year Ended December 31, 2024 (See Independent Auditor's Report)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Property tax	\$ 1,274,355	\$ 1,281,241	\$ 1,281,241	\$ -
Specific ownership tax	114,692	95,453	95,453	-
Interest income	99,000	206,738	206,738	-
Total revenues	<u>1,488,047</u>	<u>1,583,432</u>	<u>1,583,432</u>	<u>-</u>
Expenditures:				
Bond issuance costs	-	419,290	419,290	-
County Treasurer's Fee	19,115	19,230	19,230	-
Paying agent fees	7,000	7,000	7,000	-
Bond interest	747,500	373,750	373,750	-
Bond principal	110,000	-	-	-
Subordinate Bond interest	223,560	-	-	-
Contingency	2,220	-	-	-
Total expenditures	<u>1,109,395</u>	<u>819,270</u>	<u>819,270</u>	<u>-</u>
Other Financing Sources:				
Bond proceeds	-	19,630,000	19,630,000	-
Payment to Refunding Agent	-	(22,545,242)	(22,545,242)	-
Bond discount	-	(108,331)	(108,331)	-
Transfer from Other Fund	-	15,241	15,241	-
Total other financing sources	<u>-</u>	<u>(3,008,332)</u>	<u>(3,008,332)</u>	<u>-</u>
Excess of revenues over expenditures	378,652	(2,244,170)	(2,244,170)	-
Fund balance - beginning of year	<u>2,296,348</u>	<u>2,301,563</u>	<u>2,301,563</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,675,000</u>	<u>\$ 57,393</u>	<u>\$ 57,393</u>	<u>\$ -</u>