

**Spring Valley Metropolitan District No. 6  
ELBERT COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2022**

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

---

## TABLE OF CONTENTS

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position .....	4
Statement of Activities.....	5
Fund Financial Statements	
Balance Sheet - Governmental Funds .....	6
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	9
Notes to the Basic Financial Statements.....	10
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund - Budget and Actual.....	21
<b>Additional Supplementary Information</b>	
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual .....	22

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Spring Valley Metropolitan District No. 6  
Elbert County, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Spring Valley Metropolitan District No. 6 (the "District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 the Spring Valley Metropolitan District No. 6, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (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 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 Spring Valley Metropolitan District No. 6's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required budgetary comparison schedule for the general fund, as identified 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.

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparisons for the capital improvement fund and for the debt service fund, as identified in the table of contents, are presented for purposes of additional analysis and are 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.

*FredrickZink & Associates, PC*

FredrickZink & Associates, PC  
September 29, 2023

## **BASIC FINANCIAL STATEMENTS**

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## STATEMENT OF NET POSITION

December 31, 2022

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Equity in pooled cash and investments.....	\$ 4,161
Restricted cash and investments.....	8,895,039
Due from County Treasurer.....	1
Property taxes receivable.....	2,372
Prepaid expenses.....	3,021
Total current assets.....	<u>8,904,594</u>
<b>Total assets.....</b>	<b><u>\$ 8,904,594</u></b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable.....	\$ 4,125
Accrued interest payable.....	238,402
Total current liabilities.....	<u>242,527</u>
Noncurrent liabilities	
Long-term obligations.....	15,070,000
Developer payable.....	56,000
Total noncurrent liabilities.....	<u>15,126,000</u>
<b>Total liabilities.....</b>	<b><u>\$ 15,368,527</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue.....	<u>\$ 2,372</u>
<b>NET POSITION</b>	
Restricted	
Emergencies.....	\$ 954
Debt service.....	8,902,383
Unrestricted.....	(15,369,642)
<b>Total net position.....</b>	<b><u>\$ (6,466,305)</u></b>

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

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## STATEMENT OF ACTIVITIES For the year ended December 31, 2022

Functions / Programs	Expenses	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
<b>Governmental activities:</b>			
General government.....	\$ 6,359,482	\$ 503,750	\$ (5,855,732)
Interest on long-term debt.....	736,424	-	(736,424)
Other costs of long-term debt.....	7,724	-	(7,724)
	<u>\$ 7,103,630</u>	<u>\$ 503,750</u>	<u>(6,599,880)</u>
<b>General revenues</b>			
Property taxes.....			80
Specific ownership taxes.....			14
Interest income.....			168,307
			<u>168,401</u>
			<b>Change in net position.....</b> (6,431,479)
			<b>Net position, beginning of year.....</b> (34,826)
			<b>Net position, end of year.....</b> \$ <u>(6,466,305)</u>

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



# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2022

	General	Debt Service	Total
<b>ASSETS</b>			
Equity in pooled cash and investments.....	\$ 4,161	\$ -	\$ 4,161
Restricted cash and investments.....	-	8,895,039	8,895,039
Due from County Treasurer.....	-	1	1
Property taxes receivable.....	345	2,027	2,372
Due from general fund.....	-	7,343	7,343
Prepaid expenses.....	3,021	-	3,021
<b>Total assets.....</b>	<b>\$ 7,527</b>	<b>\$ 8,904,410</b>	<b>\$ 8,911,937</b>
<b>LIABILITIES</b>			
Accounts payable.....	\$ 4,125	\$ -	\$ 4,125
Due to debt service fund.....	7,343	-	7,343
<b>Total liabilities.....</b>	<b>11,468</b>	<b>-</b>	<b>11,468</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue.....	345	2,027	2,372
<b>Total deferred inflows of resources.....</b>	<b>345</b>	<b>2,027</b>	<b>2,372</b>
<b>FUND BALANCE</b>			
Nonspendable.....	3,021	-	3,021
Restricted			
Emergencies.....	954	-	954
Debt service.....	-	8,902,383	8,902,383
Unassigned.....	(8,261)	-	(8,261)
<b>Total fund balance.....</b>	<b>(4,286)</b>	<b>8,902,383</b>	<b>8,898,097</b>
<b>Total liabilities, deferred inflows of resources, and fund balance.....</b>	<b>\$ 7,527</b>	<b>\$ 8,904,410</b>	<b>\$ 8,911,937</b>

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

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES

### TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2022

<b>Total fund balance - governmental fund</b> .....	\$	8,898,097
Amounts reported for the governmental activities in the statement of net position are different because:		
Bonds payable and other long-term debt are not due and payable in the current period, and therefore are not reported in the governmental funds.....		(15,126,000)
Accrued interest payable on outstanding bonds and other long-term debt do not require current financial resources, and therefore are not reported in the governmental funds.....		<u>(238,402)</u>
<b>Total net position - governmental activities</b> .....	\$	<u><u>(6,466,305)</u></u>

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

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

For the year ended December 31, 2022

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property taxes.....	\$ 12	\$ 68	\$ 80
Specific ownership taxes.....	2	12	14
System development fees.....	-	98,750	98,750
Tap Fees.....	-	405,000	405,000
Interest income.....	13	168,294	168,307
Total revenues.....	27	672,124	672,151
<b>EXPENDITURES</b>			
Current operating			
Accounting.....	8,405	-	8,405
Audit.....	-	-	-
Election.....	281	-	281
Insurance - other.....	3,399	-	3,399
Legal.....	8,333	-	8,333
Management.....	10,751	-	10,751
Miscellaneous.....	640	-	640
Debt service			
Interest.....	-	498,353	498,353
Bank fees.....	-	7,722	7,722
Treasurer's fees.....	-	2	2
Total expenditures.....	31,809	506,077	537,886
<b>Excess of revenues over (under) expenditures.....</b>	(31,782)	166,047	134,265
<b>Other financing sources (uses)</b>			
Bond proceeds.....	-	15,070,000	15,070,000
Cost of issuance.....	-	(557,953)	(557,953)
Developer advances.....	30,000	-	30,000
Transfer to District No. 1.....	(9)	(5,769,711)	(5,769,720)
<b>Total other financing sources (uses).....</b>	29,991	8,742,336	8,772,327
<b>Net change in fund balances.....</b>	(1,791)	8,908,383	8,906,592
<b>Fund balances, beginning of year.....</b>	(2,495)	(6,000)	(8,495)
<b>Fund balances, end of year.....</b>	\$ (4,286)	\$ 8,902,383	\$ 8,898,097

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

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## 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

<b>Net change in fund balances - total governmental funds</b>	\$	8,906,592
Amounts reported for governmental activities in the Statement of Activities are different because:		
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 governmental funds. Neither transaction, however, has any effect on net position.		
Bond proceeds.....		(15,070,000)
Developer advances.....		(30,000)
Accrued interest expense on long-term debt is reported in the Statement of Activities, but does not require the use of current financial resources; therefore, the change in accrued interest expense is not reported as an expenditure in the governmental funds.....		(238,071)
<b>Change in net position - governmental activities.....</b>	<b>\$</b>	<b>(6,431,479)</b>

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

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Spring Valley Metropolitan District No. 6, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

#### A. Reporting entity

Spring Valley Metropolitan District No. 6 (the District) was organized as a quasi-municipal organization established under the State of Colorado Special District Act. The District was organized in coordination with Spring Valley Metropolitan District No. 1 (District No. 1), Spring Valley Metropolitan District No. 2 (District No. 2), Spring Valley Metropolitan District No. 3 (District No. 3), Spring Valley Metropolitan District No. 4 (District No. 4), and Spring Valley Metropolitan District No. 5 (District No. 5), collectively, the Districts. The District was established to provide for the design, acquisition, construction, installation and financing of water and sewer facilities, including storm drainage, street improvements, safety protection, park and recreation, transportation, television relay and translation, mosquito control and limited fire protection services. The majority of the District's revenues are from property taxes. The District is governed by an elected Board of Directors.

District No. 1 is to provide management for all administrative and operations functions as well as construction and acquisition of infrastructure for all the Districts. The District, District No. 2, District No. 3, District No. 4, and District No. 5 (the "Financing Districts") are responsible to provide funding for the construction and financing of certain facilities benefiting their respective districts. The water, sewer, and parks and recreation facilities will be retained by District No. 1 for ownership and operation. All other assets constructed are anticipated to be conveyed to other governmental entities for ownership and maintenance responsibilities. The Financing Districts will impose an operations and maintenance mill levy to assist District No. 1 in the costs of operations of the assets.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

#### B. Basis of presentation

##### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of changes in net position presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities.

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions.

For grants and contributions, the determining factor is to which function the revenues are restricted. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

### ***Fund Financial Statements***

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds of the District are outlined in the following paragraphs:

### ***Governmental Fund Types***

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures, other financing uses, and special items) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

*General Fund* – The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose, provided it is expended or transferred according to general laws of Colorado and the bylaws of the District.

*Debt Service Fund* – The debt service fund is used to account for accumulation of resources for, and payment of, long-term bond obligation principal, interest and related costs, as well as transfers to Spring Valley Metropolitan District No. 1 for capital projects.

## **C. Measurement focus and basis of accounting**

### **Government-Wide 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes, other taxes and fines and penalties. All assets and all liabilities associated with the operation of the District are included on the statement of net position.

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

### ***Fund Financial Statements***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. The following revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for un-matured principal and interest on general long-term debt, which is recognized when due. Proceeds of general long-term liabilities are reported as other financing sources.

### **D. Budgets**

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to October 15, the District Board receives a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A "Notice of Budget" is published when the budget is received.
- 2) Public hearings are held to obtain taxpayer comments.
- 3) Prior to December 15, the Board shall adopt, by resolution, the budget for the ensuing fiscal year and shall certify the tax levy to the Board of County Commissioners.
- 4) On or before December 31, the Board shall pass an annual appropriating resolution in which such sums of money shall be appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.
- 5) The District's budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level.
- 6) After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
- 7) Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on final legally amended budgets.
- 8) Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District's funds for 2022. The adopted appropriation for the general fund was \$71,759 and \$13,940,481 for the debt service fund. A supplemental appropriation was adopted for the debt service fund for the current year increasing the original appropriation to \$15,667,831. The general fund's annual budget remained at \$71,759.

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

The District noted that there was a deficit in the general fund of \$4,286 for 2022. At year-end there was deficit in the General Fund. The deficit is anticipated to be eliminated in 2023 by developer advances.

### E. Restricted Assets and Classification of Fund Balance

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. It is the District's policy to use restricted assets first when an expense is incurred for which both restricted and unrestricted assets are available.

In the governmental fund financial statements fund balance is reported in five classifications.

**Nonspendable:** Nonspendable is that portion of fund balance that are not in spendable form, for example prepaid expenses or inventories. The District had nonspendable fund balance due to prepaid expenses at the end of the year.

**Restricted:** The Colorado Constitution as amended by TABOR (see separate statutory compliance note) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. Additionally, the District's fund balance in the debt service fund is restricted for debt service as required by its bond indenture. It is the District's policy to use restricted fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.

**Committed:** Committed is that portion of fund balance that has been committed by the highest level of formal action of the District's Board of Directors and does not lapse at year-end. The District does not have any committed fund balance at year end. It is the District's policy to use committed fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.

**Assigned:** Assignments of fund balance are designated by District management.

**Unassigned:** Fund balance that has not been reported in any other classification is reported as unassigned.

### F. Property Taxes Receivable and Deferred Revenue

Property taxes are levied on December 15, and attach as an enforceable lien on property on January 1<sup>st</sup> of the following year, payable in either one installment (no later than April 30<sup>th</sup>) or two equal installments (not later than February 28<sup>th</sup> and June 15<sup>th</sup>) without interest or penalty. Taxes not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16<sup>th</sup>. Property taxes are levied and collected on behalf of the District by Elbert County and are reported as revenue when received by the County Treasurers. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31; however, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred revenue.

### G. Capital Assets

All capital assets purchased or acquired with an original cost in excess of the capitalization thresholds set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of the donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and other capital outlays that significantly extend the useful



# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

life of an asset are capitalized. Most capital assets acquired have been or will be dedicated to other local governments in accordance with the District's service plan.

### H. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

## 2. CASH AND INVESTMENTS

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less.

Investments are reported at fair value which is determined using selected bases. Short term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

There is no custodial credit risk for public deposits collateralized under PDPA.

In order to facilitate the recording of cash transactions and maximize interest earnings, the District has pooled cash deposits for all funds. The District maintains accountability for each fund's equity in pooled cash. Interest earnings for combined funds are generally distributed based on monthly cash balances.

At December 31, 2022, all of the District's deposits were held in eligible depositories as required by PDPA in accordance with state statute, and had total balances (as reflected on the bank's records, before outstanding items) on deposit of \$668 which was covered by FDIC insurance.

The District has not adopted a formal investment policy; however, the District invests public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conform to all federal, state and local statutes governing the investment of public funds. This applies to the investment of all financial assets of all funds of the District over which it exercises financial control.

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

Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank

General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies

Bankers' acceptances of certain banks

Certain securities lending agreements

Commercial paper

Written repurchase agreements collateralized by certain authorized securities

Certain money market funds

Guaranteed investment contracts

Local government investment pools

The investing local government's own securities including certificates of participation and lease obligations.

### **Local Government Investment Pool (COLOTRUST)**

Included in cash and cash equivalents is \$8,898,532 held in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. Plus+ and Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor's and the EDGE portfolio is rated AAAf/S1 by Fitch Ratings.

As of December 31, 2022, the District had \$0 invested in Prime, \$8,898,532 invested in Plus+, and \$0 invested in Edge.

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value; Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at year end for which the investment valuations were determined as follows.

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

The following is a summary of cash and cash equivalents:

	Fair Value
Bank deposits	\$ 668
COLOTRUST	8,898,532
Total cash and cash equivalents	<u>\$ 8,899,200</u>

### Restricted Cash and Investments

Restricted cash and investments are comprised of two accounts established by a bond issuance discussed in Note 4. The Capital Projects Account is designated for capital improvements for the District and related Spring Valley Districts and distributed by the Trustee. The Bond Account is comprised of pledged revenue received by the Trustee for the sole purpose of first, the payment of bond interest and second, the payment of principal on the bonds.

### Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, Deposit and Investment Risk Disclosures, are included below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in COLOTRUST Plus+. COLOTRUST is rated AAAM by Standard & Poors.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however, the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by PDPA, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board.

The District was not subject to foreign currency risk as of December 31, 2022.

## 2. FAIR VALUES OF FINANCIAL INSTRUMENTS

The District has a number of financial instruments, including cash and equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates that the fair values of its financial instruments at December 31, 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

### 3. LONG-TERM OBLIGATIONS

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

	12/31/2021	Additions	Reductions	12/31/2022	Due Within One Year
General obligation limited tax bonds, series 2021(3)	\$ -	\$ 15,070,000	\$ -	\$ 15,070,000	\$ -
Developer advances - operating	26,000	30,000	-	56,000	-
	\$ 26,000	\$ 15,100,000	\$ -	\$ 15,126,000	\$ -

#### **General Obligation Limited Tax Bonds, Series 2021(3)**

On January 27, 2022, the District issued \$15,070,000 of General Obligation Limited Tax Bonds, Series 2021(3) bearing interest at annual rate of 5.25% with a maturity date of December 1, 2051. The Bonds are "cash flow" limited tax general obligations secured by and payable from the pledged revenue from the following sources: required mill levy, the portion of the specific ownership tax which is collected as a result of imposition of the required mill levy, capital fees and any other legally available funds determined by the District to transfer to the Trustee as pledged revenue. No principal payments are due prior to the maturity date. Interest on the Bonds is payable to the extent of pledged revenue annually on December 1<sup>st</sup> with the first interest payment commencing on December 1, 2022. To the extent pledged revenues are not sufficient to pay interest as it comes due, such interest shall accrue and compound at the same 5.25% rate. Interest and principal maturities are not reported in this section for the Series 2021(3) Bonds payments are subject to available pledged revenues. To the extent any balances remain outstanding as of December 2, 2064, such amounts are deemed discharged. As of December 31, 2022, accrued interest was \$169,751 and interest expense for 2022 was \$498,353.

The annual requirements to amortize the General Obligation Limited Tax Bonds Series 2021(3) are as follows:

Year	2021(3) Bonds		Total
	Principal	Interest	
2023	\$ 240,000	\$ 964,082	\$ 1,204,082
2024	472,000	778,575	1,250,575
2025	638,000	753,795	1,391,795
2026	867,000	720,300	1,587,300
2027-2031	210,000	3,377,334	3,587,334
2032-2036	1,108,000	3,221,297	4,329,297
2037-2041	2,153,000	2,828,334	4,981,334
2042-2046	3,688,000	2,112,548	5,800,548
2047-2051	5,694,000	943,636	6,637,636
	\$ 15,070,000	\$ 15,699,901	\$ 30,769,901

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

Issuance of debt by the District is currently limited by the District's service plan to \$250,000,000. The District has issued \$15,070,000 of debt and the Districts (combined) have issued approximately \$65,521,000 of debt and is comprised of the following per District:

<u>District</u>	<u>Debt Issued</u>
Spring Valley Metropolitan District No. 2	\$ 28,954,000
Spring Valley Metropolitan District No. 3	6,736,000
Spring Valley Metropolitan District No. 4	14,761,000
Spring Valley Metropolitan District No. 6	15,070,000
Total Debt Issued	<u>\$ 65,521,000</u>

#### 4. CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives represent that no claims have been asserted against the District and they are not aware of any un-asserted possible claims or litigation as of December 31, 2022.

#### 5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God.

District No. 1, as the operating district, has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

District No. 1 pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage for the District. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members.

Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2022, the Pool made no distributions to the District.

#### 6. AGREEMENTS

##### Facilities Funding, Construction, and Operations Agreement

On October 21, 2021, the District entered into a Second Amended and Restated Facilities Funding, Construction and Operations Agreement with District Nos. 1-5 (the "FFCOA"). The purpose of the FFCOA is to bind the parties thereto concerning capital expenditure and operation and maintenance expenses so that the cost of providing services to the Spring Valley Development (as defined therein) are shared by the users of the Primary Facilities (as defined therein), Secondary Facilities (as defined therein), and services under the numerous circumstances that may occur in the future. Pursuant to the terms of the FFCOA, each of District Nos. 1-6 agreed that District No. 1 will own (subject to potential transfer to other governmental entities or authorities), operate, maintain, finance and construct Primary Facilities and certain Secondary Facilities and that District Nos. 2-6 will contribute to the costs of construction, operation, and maintenance of such Primary Facilities and Secondary Facilities. District Nos. 2-6 acknowledge that the District is relying on their commitment to issue General Obligation Bonds and remit the net proceeds thereof to the District so it can pay for certain capital costs therein contemplated. District Nos. 2-6 also agreed to contribute to the District's costs of construction, operation and maintenance, in part, by a pledge of the mill levy imposed for those purposes.

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

### **Amended and Restated Operation Funding Agreement**

The District and Spring Valley and Investments II, LLC (the "Developer") entered into that certain Amended and Restated Operations Funding Agreement dated October 21, 2021, effective March 4, 2021 (the "OFA"). The purpose of the OFA is to facilitate advances from the Developer to the District in order to fund the District's operations, maintenance, and administrative costs. Additionally, the OFA acknowledged certain advances the District received prior to the effective date of the OFA that the District must pay to the Developer. Thereunder, the Developer agreed to advance funds needed to fund the District's operations, maintenance, and administrative costs up to the aggregate Shortfall Amount of \$276,000 for fiscal years 2021-2027. The District agreed to reimburse the Developer for advances contemplated under the OFA at a rate of 4% per annum.

### **Amended and Restated Facilities Funding and Acquisition Agreement**

The District and the Developer entered into that certain Amended and Restated Facilities Funding and Acquisition Agreement dated October 21, 2021, effective March 4, 2021 (the "FFAA"). The purpose of the FFAA is to facilitate advances from the Developer to the District in order to fund the District's Construction Related Expenses (defined therein) and to facilitate the District's reimbursement to the Developer of the Organization Expenses (defined therein). Thereunder, the Developer agreed to advance funds needed to fund the Construction Related Expenses up to the aggregate Shortfall Amount of \$250,000,000 for fiscal years 2021 and 2022. The District agreed to reimburse the Developer for advances the contemplated under the FFAA at a rate of either 4% per annum or 6% per annum, depending on when and how such advances were made.

### **Amended and Restated Outstanding Reimbursement Obligation and Infrastructure Funding and Acquisition Agreement**

On October 21, 2021, the District, District Nos. 1 and 2-5, and MG Land Investments, LLC ("MG Land") entered into that certain Amended and Restated Outstanding Reimbursement Obligation and Infrastructure Funding and Acquisition Agreement (the "OROIFAA"). Pursuant to the OROIFAA, District No. 2 assented to the Outstanding Reimbursement Obligation (as defined therein) being transferred to District No. 1, which MG Land released District No. 2 from its commitment to repay pursuant to the Termination of the District No. 2 MGL FFAA (as defined therein). District No. 1 assumed responsibility to repay the Outstanding Reimbursement Obligation, in addition to District No. 1's other obligations to MG Land, including, without limitation, the MGL Advances (as defined therein), which MG Land may advance to District No. 1 under the OROIFAA up to the Shortfall Amount (as defined therein). Further, District Nos. 3-6 expressed their assent to District No. 1 entering into the OROIFAA in reliance on their respective commitments to issue General Obligation Bonds and, pursuant to the FFCOA, remit the net proceeds of such General Obligation Bonds to District No. 1, in part to make payment to MG Land for payments under the OROIFAA, including, without limitation, the Outstanding Reimbursement Obligation, Construction Related Expenses (as defined therein), and the acquisition of Facilities (as defined therein). Interest shall accrue on MGL Advances from the date of deposit into District No. 1's account, and on Verified Costs (as defined therein) from the date incurred. Interest on MGL Advances and Verified Costs incurred prior to October 1, 2021, accrues as a rate of 8%. Interest on MGL Advances and Verified Costs incurred on or after October 1, 2021, accrues as a rate of 4%. Payments credit first against principal due and then to accrued and unpaid interest. Any Construction Related Expenses or Verified Costs not paid or reimbursed by the District by December 31, 2059, regardless of whether they have been invoiced, including principal and interest, shall be deemed forever discharged and satisfied in full.

### **Intergovernmental Agreement Regarding Assignment of Revenues**

The District entered into an Intergovernmental Agreement Regarding Assignment of Revenues with District No. 1 dated October 21, 2021, pursuant to which the District and District No. 1 agreed that revenues pledged to secure payment of the District's Bonds will include the Capital Component of the District No. 1 Tap Fee and the Facilities Fees, as each are defined in the Indenture executed by the District in connection with the District's Bonds.

## **7. STATUTORY COMPLIANCE**

### **TABOR Amendment - Revenue and Spending Limitation Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations, which apply to the

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2022

State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extensions of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

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

Except for financing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2022 is \$954. During formation of the District, its voters approved the removal of the application of certain requirements of TABOR to the District.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

REQUIRED SUPPLEMENTARY INFORMATION



# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## GENERAL FUND

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

For the year ended December 31, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes.....	\$ 12	\$ 12	-
Specific ownership taxes.....	2	2	-
Interest income.....	-	13	13
<b>Total revenues.....</b>	<b>14</b>	<b>27</b>	<b>13</b>
<b>EXPENDITURES</b>			
Accounting.....	10,000	8,405	1,595
Audit.....	6,000	-	6,000
Election.....	5,000	281	4,719
Insurance - other.....	3,750	3,399	351
Legal.....	10,000	8,333	1,667
Management.....	10,000	10,751	(751)
Miscellaneous.....	500	640	(140)
Treasurers fees.....	-	-	-
Emergency reserve.....	1,500	-	1,500
Contingency.....	25,000	-	25,000
<b>Total expenditures.....</b>	<b>71,750</b>	<b>31,809</b>	<b>39,941</b>
<b>Excess revenue over (under) expenditures.....</b>	<b>(71,736)</b>	<b>(31,782)</b>	<b>39,954</b>
<b>Other financing sources (uses)</b>			
Transfer to District No. 1.....	(9)	(9)	-
Developer advances.....	72,000	30,000	(42,000)
<b>Total other financing sources (uses).....</b>	<b>71,991</b>	<b>29,991</b>	<b>(42,000)</b>
<b>Net change in fund balances.....</b>	<b>255</b>	<b>(1,791)</b>	<b>(2,046)</b>
<b>Fund balances, beginning of year.....</b>	<b>3,000</b>	<b>(2,495)</b>	<b>(5,495)</b>
<b>Fund balances, end of year.....</b>	<b>\$ 3,255</b>	<b>\$ (4,286)</b>	<b>\$ (7,541)</b>

ADDITIONAL SUPPLEMENTAL INFORMATION

# SPRING VALLEY METROPOLITAN DISTRICT NO. 6

## DEBT SERVICE FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

#### BUDGET AND ACTUAL

For the year ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes.....	\$ 69	\$ 69	\$ 68	\$ (1)
Specific ownership taxes.....	12	12	12	-
System development fees.....	-	98,750	98,750	-
Tap fees.....	-	405,000	405,000	-
Interest income.....	-	100,000	168,294	68,294
<b>Total revenues.....</b>	<b>81</b>	<b>603,831</b>	<b>672,124</b>	<b>68,293</b>
<b>EXPENDITURES</b>				
Debt Service				
Interest - bonds.....	79	493,829	498,353	(4,524)
Bank fees.....	-	4,000	7,722	(3,722)
Treasurer's fees.....	2	2	2	-
<b>Total expenditures.....</b>	<b>81</b>	<b>497,831</b>	<b>506,077</b>	<b>(8,246)</b>
<b>Excess of revenues over expenditures.....</b>	-	106,000	166,047	60,047
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds.....	-	15,070,000	15,070,000	-
Cost of issuance.....	-	(578,200)	(557,953)	20,247
Transfer to #1 for Capital.....	(13,940,400)	(14,591,800)	(5,769,711)	8,822,089
<b>Total other financing sources (uses).....</b>	<b>(13,940,400)</b>	<b>(100,000)</b>	<b>8,742,336</b>	<b>8,842,336</b>
<b>Net change in fund balances.....</b>	(13,940,400)	6,000	8,908,383	8,902,383
<b>Fund balances, beginning of year.....</b>	<b>13,940,400</b>	<b>(6,000)</b>	<b>(6,000)</b>	<b>-</b>
<b>Fund balances, end of year.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,902,383</b>	<b>\$ 8,902,383</b>