

**PROMENADE AT CASTLE ROCK
METROPOLITAN DISTRICT NO. 2
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Promenade at Castle Rock Metropolitan District No. 2
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Promenade at Castle Rock Metropolitan District No. 2 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 District, as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Special Revenue 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. 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, 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 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.

Required Supplementary Information

Management has omitted 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 opinion on the basic financial statements is 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 Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Duzzio & Associates, P.C.

July 23, 2024

BASIC FINANCIAL STATEMENTS

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,703,437
Cash and Investments - Restricted	140,015
Accounts Receivable - CAM	22,507
Intergovernmental Receivable District No. 1	4,986
Intergovernmental Receivable District No. 3	14,776
Warranty receivable	24,791
Capital Assets:	
Capital Assets Not Being Depreciated	50,949,108
Total Assets	52,859,620
LIABILITIES	
Accounts Payable	704,623
Retainage Payable	198,476
Unearned Revenue	8,206
Noncurrent Liabilities:	
Due in More Than One Year	482,384
Total Liabilities	1,393,689
NET POSITION	
Restricted for:	
Emergency Reserve	24,100
Unrestricted	51,441,831
Total Net Position	\$ 51,465,931

See accompanying Notes to Basic Financial Statements.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 396,988	\$ 199,374	\$ 785,433	\$ 2,191,021	\$ 2,778,840
Interest on Long-Term Debt and Related Costs	50,417	-	-	-	(50,417)
Total Governmental Activities	\$ 447,405	\$ 199,374	\$ 785,433	\$ 2,191,021	2,728,423
GENERAL REVENUES					
Interest Income					16,513
Total General Revenues and Transfers					16,513
CHANGES IN NET POSITION					
					2,744,936
Net Position - Beginning of Year					48,720,995
NET POSITION - END OF YEAR					
					\$ 51,465,931

See accompanying Notes to Basic Financial Statements.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 1,703,437	\$ -	\$ -	\$ 1,703,437
Cash and Investments - Restricted	24,100	82,813	33,102	140,015
Accounts Receivable - CAM	-	22,507	-	22,507
Intergovernmental Receivable District No. 1	4,986	-	-	4,986
Intergovernmental Receivable District No. 3	14,776	-	-	14,776
Due from Other Funds	18,100	-	-	18,100
Warranty receivable	-	-	24,791	24,791
	<u>\$ 1,765,399</u>	<u>\$ 105,320</u>	<u>\$ 57,893</u>	<u>\$ 1,928,612</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 15,548	\$ 79,014	\$ 610,061	\$ 704,623
Retainage Payable	-	-	198,476	198,476
Due to Other Funds	-	18,100	-	18,100
Unearned Revenue	-	8,206	-	8,206
Total Liabilities	<u>15,548</u>	<u>105,320</u>	<u>808,537</u>	<u>929,405</u>
FUND BALANCES				
Restricted for:				
Emergency Reserves	24,100	-	-	24,100
Unassigned	1,725,751	-	(750,644)	975,107
Total Fund Balances	<u>1,749,851</u>	<u>-</u>	<u>(750,644)</u>	<u>999,207</u>
Total Liabilities and Fund Balances	<u>\$ 1,765,399</u>	<u>\$ 105,320</u>	<u>\$ 57,893</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.				
Capital Assets				50,949,108
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Developer Advance Payable				(482,384)
Net Position of Governmental Activities				<u>\$ 51,465,931</u>

See accompanying Notes to Basic Financial Statements.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES				
Interest Income	\$ 16,513	\$ -	\$ -	\$ 16,513
Intergovernmental Revenue Promenade No. 1	81,632	-	2,191,021	2,272,653
Intergovernmental Revenue Promenade No. 2	703,801	-	-	703,801
Cam Revenue	-	199,374	-	199,374
Total Revenues	<u>801,946</u>	<u>199,374</u>	<u>2,191,021</u>	<u>3,192,341</u>
EXPENDITURES				
Current:				
Accounting	78,242	37,958	13,917	130,117
Auditing	13,200	-	-	13,200
District Management	25,661	10,800	-	36,461
Dues and Membership	1,769	-	-	1,769
Election	2,228	-	-	2,228
Electricity	-	6,628	-	6,628
Engineering	-	-	10,533	10,533
Insurance	13,778	-	-	13,778
Landscaping	-	100,072	-	100,072
Legal	33,802	-	12,794	46,596
Miscellaneous	2,223	509	-	2,732
Repairs and Maintenance	-	10,982	-	10,982
Portering	-	9,855	-	9,855
Water	-	22,570	-	22,570
Capital Projects:				
Capital Outlay	-	-	2,654,491	2,654,491
Total Expenditures	<u>170,903</u>	<u>199,374</u>	<u>2,691,735</u>	<u>3,062,012</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	631,043	-	(500,714)	130,329
OTHER FINANCING SOURCES (USES)				
Repay Developer Advance	(250,000)	-	-	(250,000)
Transfers In (Out)	11,300	-	(11,300)	-
Total Other Financing Uses	<u>(238,700)</u>	<u>-</u>	<u>(11,300)</u>	<u>(250,000)</u>
NET CHANGE IN FUND BALANCES	392,343	-	(512,014)	(119,671)
Fund Balances - Beginning of Year	<u>1,357,508</u>	<u>-</u>	<u>(238,630)</u>	<u>1,118,878</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,749,851</u>	<u>\$ -</u>	<u>\$ (750,644)</u>	<u>\$ 999,207</u>

See accompanying Notes to Basic Financial Statements.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (119,671)

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.

Expenditures for Capital Assets 2,665,024

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.

Repay Developer Advance 250,000

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.

Interest on Developer Advance (50,417)

Changes in Net Position of Governmental Activities \$ 2,744,936

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ -	\$ 16,513	\$ 16,513
Intergovernmental Revenue Promenade No. 1	75,274	81,632	6,358
Intergovernmental Revenue Promenade No. 2	707,423	703,801	(3,622)
Total Revenues	<u>782,697</u>	<u>801,946</u>	<u>19,249</u>
EXPENDITURES			
Accounting	76,000	78,242	(2,242)
Auditing	15,250	13,200	2,050
District Management	31,625	25,661	5,964
Dues and Membership	3,500	1,769	1,731
Election	2,500	2,228	272
Insurance	15,000	13,778	1,222
Legal	50,000	33,802	16,198
Miscellaneous	20,000	2,223	17,777
Total Expenditures	<u>213,875</u>	<u>170,903</u>	<u>42,972</u>
EXCESS OF REVENUES OVER EXPENDITURES	568,822	631,043	62,221
OTHER FINANCING SOURCES (USES)			
Repay Developer Advance	(250,000)	(250,000)	-
Transfers From Other Funds	-	11,300	11,300
Transfers To Other Fund	(83,484)	-	83,484
Total Other Financing Sources (Uses)	<u>(333,484)</u>	<u>(238,700)</u>	<u>94,784</u>
NET CHANGE IN FUND BALANCE	235,338	392,343	157,005
Fund Balance - Beginning of Year	<u>1,181,643</u>	<u>1,357,508</u>	<u>175,865</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,416,981</u>	<u>\$ 1,749,851</u>	<u>\$ 332,870</u>

See accompanying Notes to Basic Financial Statements.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Cam Revenue	\$ 226,516	\$ 199,374	\$ (27,142)
Total Revenues	<u>226,516</u>	<u>199,374</u>	<u>(27,142)</u>
EXPENDITURES			
Accounting	37,950	37,958	(8)
Contingency	3,500	-	3,500
District Management	13,800	10,800	3,000
Electricity	15,000	6,628	8,372
Landscaping	135,000	100,072	34,928
Miscellaneous	5,000	509	4,491
Repairs and Maintenance	25,000	10,982	14,018
Signage Maintenance	2,000	-	2,000
Snow Removal	20,000	-	20,000
Detention Pond	5,000	-	5,000
Portering	12,750	9,855	2,895
Water	35,000	22,570	12,430
Total Expenditures	<u>310,000</u>	<u>199,374</u>	<u>110,626</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(83,484)	-	83,484
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	83,484	-	(83,484)
Total Other Financing Sources (Uses)	<u>83,484</u>	<u>-</u>	<u>(83,484)</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Promenade at Castle Rock Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by Order and Decree of the District Court of Douglas County on May 28, 2014 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan for the District, Promenade at Castle Rock Metropolitan District No. 1, and Promenade at Castle Rock Metropolitan District No. 3 (collectively the Districts), approved by the Town of Castle Rock, Colorado on January 7, 2014. The Service Plan was amended and approved March 2, 2021. The District's service area is located entirely within the Town of Castle Rock, Douglas County, Colorado. The District was established for the purpose of financing and providing public improvements and related operations and maintenance services within and outside of the boundaries of the District. The public improvements include water, streets, sanitation, parks and recreation, traffic and safety controls, transportation, mosquito and pest control, and television relay and translator.

The District's Service Plan allows for the ability to pay for administration, operations, and maintenance associated with the Public Improvements as necessary from the District Operating Revenue. The General Fund Mill Levy at December 31, 2023 was 11.673 mills for Promenade at Castle Rock Metropolitan District No. 1 and 10.000 mills for Promenade at Castle Rock Metropolitan District No. 3. The Property taxes generated, net of fees were transferred to the District, the Operating District, which pays all administrative expenditures for the Districts pursuant to the District Administrative Services Agreement.

The maximum debt mill levy allowed by the Service Plan is 50.000 mills as adjusted for changes in the method of calculating assessed value. The Maximum Debt Mill Levy at December 31, 2023 was 46.692 mills for Promenade at Castle Rock Metropolitan District No. 1 and 40.000 mills for Promenade at Castle Rock Metropolitan District No. 3. The Property taxes generated, net of fees by Promenade at Castle Rock Metropolitan District No. 3 were transferred to District No. 1, the Financing District, which pays all debt service payments.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows 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 the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are intergovernmental revenues and developer advances for reimbursed expenditures. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual, except Developer Advances for reimbursed expenditures. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for financial resources to be used for Common Area Maintenance (CAM). The district collects CAM fees to cover operations and maintenance of common areas within the district.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a 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 and investments.

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property and equipment, easements, 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 purchased 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

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

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

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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 criteria described above.

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

Deficit

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit will be eliminated with the receipt of funds from District No. 1 in 2024.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,703,437
Cash and Investments - Restricted	140,015
Total Cash and Investments	\$ 1,843,452

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

Deposits with Financial Institutions	\$ 258,531
Investments	1,584,921
Total Cash and Investments	\$ 1,843,452

Deposits with Financial Institutions

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

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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

At December 31, 2023, the District's cash deposits had a bank balance and carrying balance of \$258,531.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 1,584,921
		<u>\$ 1,584,921</u>

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 48,284,084	\$ 2,665,024	\$ -	\$ 50,949,108
Total Capital Assets, Not Being Depreciated	<u>48,284,084</u>	<u>2,665,024</u>	<u>-</u>	<u>50,949,108</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,284,084</u>	<u>\$ 2,665,024</u>	<u>\$ -</u>	<u>\$ 50,949,108</u>

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 CAPITAL ASSETS (CONTINUED)

Upon completion and acceptance, a significant portion of capital assets will be conveyed by the District to other local governments. The District will not be responsible for the maintenance of those assets. Upon acceptance of the improvements, the District will remove the cost of construction from its capital assets.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Developer Advances - O&M	\$ 456,041	\$ -	\$ 250,000	\$ 206,041	\$ -
Developer Advance Interest - O&M	225,926	50,417	-	276,343	-
Total	<u>\$ 681,967</u>	<u>\$ 50,417</u>	<u>\$ 250,000</u>	<u>\$ 482,384</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

Developer Advances

The District has entered into a Funding and Reimbursement Agreement with the Developer as follows:

Funding and Reimbursement Agreement (Capital and O&M)

The funding and reimbursement agreement (capital and operations & maintenance) was entered into on March 5, 2015, as amended February 6, 2017, July 2, 2019 and December 8, 2020 with Promenade Castle Rock, LLC (Developer) wherein the Developer or District has the right to construct improvements known as the Promenade at Castle Rock project (Project). The District has incurred and will continue to incur costs related to the Project and for general operating, administrative and maintenance costs (O&M) necessary to maintain the District. The Developer has agreed to loan the District money (Developer Advances) on the condition that the District agrees to repay the Developer Advances based on the terms set forth in the agreement. The term for repayment of this obligation shall not extend beyond forty (40) years from the original date of the agreement. Advances shall bear interest per annum at prime plus 3% on all unpaid amounts. As of December 31, 2023, outstanding advances under this agreement totaled \$206,041 and accrued interest totaled \$276,343.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

Restricted assets include net position 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 restricted net position as of December 31, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 24,100
Total Restricted Net Position	\$ 24,100

The District's unrestricted net position as of December 31, 2023, total \$51,441,831.

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District is Promenade Castle Rock, LLC. The members of the Board of Directors are employees, owners or are otherwise associated with the Developer and its affiliates and may have conflicts of interest in dealing with the District. See Note 5 for transactions related to advances made by the Developer to the District and Note 8 for transactions related to construction and reimbursed expenditures.

NOTE 8 AGREEMENTS

Development Agreement

In 2015, the District entered into the Promenade at Castle Rock Development Agreement with the Town of Castle Rock, Promenade Castle Rock, LLC and District Nos. 1 and 3. The Development Agreement generally governs, without limitation, the development of the property in and facilities for the Development, the provision of municipal services by the Town, and water rights relating to property in the Development. Additionally, the Development Agreement establishes a cash construction escrow (the Escrow) as surety for the construction of public improvements in the Development.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS (CONTINUED)

Master Intergovernmental Agreement

On September 25, 2014, the District, District Nos. 1 and 3 and the Town entered into the Town of Castle Rock/Promenade at Castle Rock Metropolitan District Nos 1 – 3 Master Intergovernmental Agreement (the Master Intergovernmental Agreement), which generally governs the relationship between the Town and the Districts and sets the parameters of the Districts’ authority to finance and construct public improvements. The Master Intergovernmental Agreement states that the Districts have the authority to construct and finance public improvements in accordance with the standards and procedures set forth in the Service Plan, Public Finance Agreement, and the Town Requirements (generally defined as the rules and regulations of the Town, including those relating to zoning and land use). Pursuant to the Master Intergovernmental Agreement, the Districts agree to convey public facilities to the Town, and the Town agrees to operate, maintain, repair, and replace the facilities. The Master Intergovernmental Agreement further provides that the Districts shall only issue bonds in accordance with the Public Finance Agreement, the Service Plan, the Special District Act, and other laws of the state of Colorado.

Public Finance Agreement

On January 7, 2014, District No. 1, the Developer, and the Town entered into the Public Finance Agreement, which agreement was amended and restated as the Amended and Restated Public Finance Agreement dated as of February 17, 2015 to include the District and District No. 3, as amended by a First Amendment dated August 4, 2015 and as amended by a Second Amendment dated March 2, 2021 (as amended, the “Public Finance Agreement”). The Public Finance Agreement governs certain aspects of the Development, financing for the Development, including the issuance of the Bonds, and regulatory approvals issued by the Town for the Development.

The Public Finance Agreement permits the issuance of “District Bonds”, which is defined as one or more series of bonds issued or incurred by any of the Districts to finance or refinance the Eligible Costs in accordance with the terms and provisions of the Public Finance Agreement, including any bonds, other financial obligations or securities issued by any of the Districts to refund the District Bonds, but specifically exclusive of any Reimbursement Agreement entered into between the Developer and any of the Districts. Notwithstanding the foregoing, or any other provision to the contrary, District Bonds shall not be refinanced without the written consent of the Town.

The Public Finance Agreement provides that District Bonds shall be issued in an amount not exceeding \$30,000,000 of Net Proceeds to pay Eligible Costs, subject to adjustment as provided in the Pledge Agreement. “Net Proceeds” is generally defined as net proceeds of one or more series of District Bonds in an amount not exceeding \$30,000,000 used to pay or reimburse Eligible Costs.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS (CONTINUED)

Public Finance Agreement (Continued)

District Nos. 1 and 3 (and to the extent hereinafter provided, the District), covenant to impose the District Debt Service Mill Levy in the amount of not less than 40 mills and not more than 50 mills, as hereinafter provided, for so long as any District Bonds remain outstanding, and further covenant to pledge and cause remittance of the District Debt Service Mill Levy to the District Bond Trustee for such outstanding District Bonds. Each such District further covenants that so long as any District Bonds remain outstanding, that each such District will remit all District Specific Ownership Taxes to the District Bond Trustee for payment of outstanding District Bonds.

The Developer agrees to impose the Credit PIF and the Add-On PIF and to irrevocably assign the Pledged PIF Revenue and any amount of Remaining Add-On PIF Revenue that may be included in District Operating Revenue to the District designated in the District Bond Documents, through and until the payment in full of the District Bonds. The Add-On PIF means the public improvement fee in the amount of not less than 0.25% and not more than 0.50% of PIF Sales. The Credit PIF means the public improvement fee in the amount of 0.55% of PIF Sales.

The District Operating Revenue will be used to pay the normal and reasonable operating and maintenance expenses of the Districts or for any other lawful purpose. District Operating Revenue means revenue produced by the Districts' imposition of a mill levy to pay the operations and maintenance expenses of any of the Districts, and certain Add-On PIF Revenue not pledged to pay District Bonds, as allowed under the District Bond Documents from time to time.

District Administrative Services Agreement

On March 5, 2015, the District entered into the District Administrative Services Agreement which provides that the District shall be solely responsible for the management, execution, and administration of the construction of the Public Improvements on behalf of the Districts. For the purpose of completing all or a portion of the Project, the District has entered into and anticipates entering into multiple contracts. In order to fund the Administrative Costs, District Nos. 1 and 3 (the Financing Districts) agree to levy on all of the taxable property of the Financing Districts, in addition to all other taxes, direct annual taxes to the extent necessary to provide for payment of the Administrative Costs, in the amount of the Required Mill Levy, or a lesser amount as determined by the District. In addition, the Financing Districts agree to remit any available PIF Revenues, fees, or other Revenues to the District to fund the Administrative Costs.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement Regarding District Construction Administration

The Intergovernmental Agreement Regarding District Construction Administration was entered into by Castle Pines Commercial Metropolitan District Nos. 1, 3, and 4 (each a CPC District and collectively, "CPC Districts") and the District on March 5th, 2015. The parties agreed that the District will undertake construction administration services on behalf of the CPC Districts, and will be responsible for the construction of the public improvements contemplated in the Service Plan for the CPC Districts. CPC District No. 1 agrees that it will authorize its District Representative to submit a project fund requisition for all eligible project costs upon request by the District for all amounts due under a contract awarded or anticipated to be awarded for the construction of public improvements benefitting the CPC Districts. The Boards of Directors of the CPC Districts agree that the District may utilize such funds for any eligible project costs in its discretion. No amount was requisitioned by the District from CPC District No. 1 during 2023.

The Agreement shall be effective upon execution hereof by all the parties and shall terminate at such time that construction of public improvements is complete and all warranties have run, or no further proceeds remain available in CPC District No. 1's Bond Issuance Project Fund.

Capital Pledge Agreement

On April 15, 2021, the Districts and the Trustee entered into a Capital Pledge Agreement in order to generate additional revenue pledged to payment of the Series 2021 Loan. Pursuant to the agreement, District No. 3 has agreed to pay its Property Tax Revenue generated by the debt service mill levy to the Trustee, and the District (under certain limited conditions) and District No. 3 are obligated to impose ad valorem property taxes in an amount equal to the District Debt Service Mill Levy, and pay the proceeds and Specific Ownership Tax Revenues as a result of the District Debt Service Mill Levy to the Trustee.

Master Escrow Agreement

The Master Escrow Agreement was entered into on August 25, 2015 by the Districts, Town of Castle Rock, Land Title Guarantee Company, and Promenade Castle Rock, LLC. The District and the Town of Castle Rock appointed an Escrow Agent that established two accounts (1) the Promenade 2015 Bond Proceeds Account and (2) the Developer Advances Account.

The District will deposit all amounts permitted to be released from the Bond Project Fund under the terms of the Indenture with the Escrow Agent from the net proceeds of the Limited Tax General Obligation Bonds, Series 2015A and Taxable Special Revenue Bonds Series 2015B.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS (CONTINUED)

Master Escrow Agreement (Continued)

The Developer will deposit additional monies with the Escrow Agent for purposes of advancing monies for the benefit of the District as required by the Town of Castle Rock that are not otherwise available from the Districts or able to be released from the Project Fund, or to fund costs that do not constitute Eligible Costs. Both accounts combined must have a continuing balance at least equal to the Minimum Surety Balance required by the Town of Castle Rock. Funds in excess of the minimum balance may be used for project costs. The Escrow accounts held by the Escrow Agent are recorded in District No. 1's financial statements.

During 2023, the District has not incurred Developer related construction costs.

Site Development Agreement – Japanese Tree Lilac, LLC and Ledges Promenade at Castle Rock, LLC

On April 6, 2016, the District entered into the Site Development Agreement with Japanese Tree Lilac, LLC (Developer) and Ledges Promenade at Castle Rock, LLC (Ledges), for the purpose of allowing the Developer and/or Ledges to have a Takeover Right to provide for the site work that is not completed (i) by the site work completion dated of September 30, 2016 or (ii) upon completion, any portion of the site work is not certified by the Engineers or is not accepted by the Town and/or the County, as applicable, Ledges may give written notice of default to the Developer and the District. If the Developer and/or the District fail to cure the default, Ledges shall have the right (the Takeover Right), but not the obligation, to assume control of the construction of all or any designated portion of the incomplete site work and have the ability to seek reimbursement under the Infrastructure Reimbursement Agreement. As of December 31, 2023, the District has received no notice of default.

Infrastructure Reimbursement Agreement – Ledges Promenade at Castle Rock, LLC

On April 6, 2016, the District entered into the Infrastructure Reimbursement Agreement with Ledges Promenade at Castle Rock, LLC (Property Owner) for the purpose of providing the Property Owner the ability to be reimbursed for any site work that may be completed by the Property Owner under the terms of the Site Development Agreement. As of December 31, 2023, there have been no requests for reimbursement.

Infrastructure Reimbursement Agreement – Sam's West, Inc.

During 2016, the District entered into the Infrastructure Reimbursement Agreement with Sam's West, Inc. (Sam's) for the purpose of providing Sam's the ability to be reimbursed for any site work that may be completed by Sam's to the extent the District does not complete the same pursuant to the terms of the Development Agreement. As of December 31, 2023, there have been no requests for reimbursement.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 INTERFUND TRANSFERS

The transfer from the Capital Projects Fund to the General Fund was related to reimbursement for capital expenditures.

NOTE 10 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). 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 the past fiscal year.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 11 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 that apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

On November 2, 2021, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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.

SUPPLEMENTARY INFORMATION

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue Promenade No. 1	\$ 8,334,898	\$ 2,191,021	\$ (6,143,877)
Total Revenues	<u>8,334,898</u>	<u>2,191,021</u>	<u>(6,143,877)</u>
EXPENDITURES			
Accounting	8,625	13,917	(5,292)
Engineering	-	10,533	(10,533)
Legal	-	12,794	(12,794)
Capital Outlay	8,326,273	2,654,491	5,671,782
Total Expenditures	<u>8,334,898</u>	<u>2,691,735</u>	<u>5,643,163</u>
EXCESS OF REVENUES UNDER EXPENDITURES	-	(500,714)	(500,714)
OTHER FINANCING SOURCES (USES)			
Transfers To Other Fund	-	(11,300)	(11,300)
Total Other Financing Uses	<u>-</u>	<u>(11,300)</u>	<u>(11,300)</u>
NET CHANGE IN FUND BALANCE	-	(512,014)	(512,014)
Fund Balance - Beginning of Year	<u>-</u>	<u>(238,630)</u>	<u>(238,630)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (750,644)</u>	<u>\$ (750,644)</u>