

**HIGHLINE CROSSING
METROPOLITAN DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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Independent Auditor's Report

Board of Directors
Highline Crossing Metropolitan District
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Highline Crossing Metropolitan District (District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Highline Crossing Metropolitan District, as of December 31, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that governmental 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
July 10, 2020

BASIC FINANCIAL STATEMENTS

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2019**

ASSETS

Cash and investments - unrestricted	\$ 2,099
Cash and investments - restricted	262,374
Cash with County Treasurer	727
Accounts receivable	5,300
Property taxes receivable	190,849
Prepaid expense	7,511
Total assets	468,860

LIABILITIES

Accounts payable	9,663
Due to City of Aurora	2,364
Accrued interest payable	7,288
Bonds and advances payable	
Due within one year	10,000
Due in more than one year	2,061,034
Total liabilities	2,090,349

DEFERRED INFLOWS OF RESOURCES

Property tax revenue	190,849
Total deferred inflows of resources	190,849

NET POSITION

Restricted for emergencies	1,900
Restricted for debt service	253,305
Unrestricted	(2,067,543)
Total net position	\$ (1,812,338)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 113,928	\$ 38,755	\$ -	\$ -	\$ (75,173)
Interest and fiscal charges	129,142	-	-	-	(129,142)
	<u>\$ 243,070</u>	<u>\$ 38,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(204,315)</u>

General revenues:

Taxes:

Property taxes	111,100
Specific ownership taxes	8,709
Net investment income	4,636
Total general revenues	<u>124,445</u>

Change in net position (79,870)

Net position - beginning (1,732,468)
 Net position - ending \$ (1,812,338)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments - unrestricted	\$ 2,099	\$ -	\$ -	\$ 2,099
Cash and investments - restricted	-	262,374	-	262,374
Cash with County Treasurer	144	583	-	727
Accounts receivable	5,300	-	-	5,300
Property tax receivable	45,940	144,909	-	190,849
Prepaid expense	7,511	-	-	7,511
TOTAL ASSETS	<u>\$ 60,994</u>	<u>\$ 407,866</u>	<u>\$ -</u>	<u>\$ 468,860</u>
LIABILITIES				
Accounts payable	\$ 9,663	\$ -	\$ -	\$ 9,663
Due to City of Aurora	-	2,364	-	2,364
Total liabilities	<u>9,663</u>	<u>2,364</u>	<u>-</u>	<u>12,027</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	45,940	144,909	-	190,849
Total deferred inflows of resources	<u>45,940</u>	<u>144,909</u>	<u>-</u>	<u>190,849</u>
FUND BALANCES				
Nonspendable - prepaid items	7,511	-	-	7,511
Spendable:				
Restricted for:				
Emergencies	1,900	-	-	1,900
Debt service	-	260,593	-	260,593
Unassigned	(4,020)	-	-	(4,020)
Total fund balances	<u>5,391</u>	<u>260,593</u>	<u>-</u>	<u>265,984</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 60,994</u>	<u>\$ 407,866</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some liabilities, including bonds payable, developer advances and other accrued payables, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

General obligation bonds payable	(1,926,000)
Developer advances	(69,563)
Accrued interest payable - 2017A bonds	(7,288)
Accrued interest payable - 2017B bonds	(68,417)
Accrued interest payable - developer advances	(7,054)
	<u>(2,078,322)</u>
Net position of governmental activities	<u>\$ (1,812,338)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property tax	\$ 22,099	\$ 89,001	\$ -	\$ 111,100
Specific ownership tax	1,732	6,977	-	8,709
Net investment income	47	4,589	-	4,636
Working capital fee	900	-	-	900
Operations fee	37,455	-	-	37,455
Review fee	400	-	-	400
Total revenues	<u>62,633</u>	<u>100,567</u>	<u>-</u>	<u>163,200</u>
EXPENDITURES				
Current				
Management fees	10,714	-	-	10,714
Billing services	3,400	-	-	3,400
Accounting	11,730	-	-	11,730
Audit	5,284	-	-	5,284
Legal	8,802	-	-	8,802
Insurance	4,837	-	-	4,837
Election expense	56	-	-	56
Miscellaneous	2,506	-	-	2,506
County Treasurer's fees	332	1,339	-	1,671
IGA - Aurora	-	2,068	-	2,068
Covenant control	10,800	-	-	10,800
Landscape maintenance	16,878	-	-	16,878
Irrigation repair	4,553	-	-	4,553
Snow removal	23,765	-	-	23,765
Utilities	10,271	-	-	10,271
Debt service				
Paying agent fees and other fees	-	5,614	-	5,614
Bond interest	-	87,450	-	87,450
Total expenditures	<u>113,928</u>	<u>96,471</u>	<u>-</u>	<u>210,399</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(51,295)</u>	<u>4,096</u>	<u>-</u>	<u>(47,199)</u>
OTHER FINANCING SOURCES (USES)				
Developer advances	44,427	-	-	44,427
Transfer to other funds	-	-	(3,854)	(3,854)
Transfer from other funds	-	3,854	-	3,854
Total other financing sources (uses)	<u>44,427</u>	<u>3,854</u>	<u>(3,854)</u>	<u>44,427</u>
NET CHANGE IN FUND BALANCES	(6,868)	7,950	(3,854)	(2,772)
FUND BALANCES - BEGINNING OF YEAR	12,259	252,643	3,854	268,756
FUND BALANCES - END OF YEAR	<u>\$ 5,391</u>	<u>\$ 260,593</u>	<u>\$ -</u>	<u>\$ 265,984</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2019**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	\$ (2,772)
The issuance of long-term debt provides for current financial resources of governmental funds. However, it has no effect on net position.	
Developer advances	(44,427)
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.	
Change in accrued interest payable - bonds	(29,088)
Change in accrued interest payable - developer advances	(3,583)
	(32,671)
Change in net position - Governmental activities	\$ (79,870)

These financial statements should be read only in connection with the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2019**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property tax	\$ 22,099	\$ 22,099	\$ -
Specific ownership taxes	1,326	1,732	406
Net investment income	300	47	(253)
Working capital fee	300	900	600
Operations fee	37,800	37,455	(345)
Review fee	1,000	400	(600)
Total Revenues	62,825	62,633	(192)
EXPENDITURES			
Management fees	15,000	10,714	4,286
Billing services	4,500	3,400	1,100
Accounting	10,000	11,730	(1,730)
Audit	5,000	5,284	(284)
Legal	10,000	8,802	1,198
Insurance	3,500	4,837	(1,337)
Election expense	-	56	(56)
Miscellaneous	1,500	2,506	(1,006)
County Treasurer's fees	330	332	(2)
Covenant control	10,800	10,800	-
Landscape maintenance	26,000	16,878	9,122
Landscape improvements	5,000	-	5,000
Irrigation repair	5,000	4,553	447
Snow removal	15,000	23,765	(8,765)
Detention pond maintenance	3,000	-	3,000
Operations and maintenance reserves	7,898	-	7,898
Repairs and maintenance	2,000	-	2,000
Fence repairs	2,000	-	2,000
Utilities	8,000	10,271	(2,271)
Contingency	5,000	-	5,000
Emergency reserves	3,385	-	3,385
Total Expenditures	142,913	113,928	28,985
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(80,088)	(51,295)	28,793
OTHER FINANCING SOURCES (USES)			
Developer advances	50,000	44,427	(5,573)
Total other financing sources (uses)	50,000	44,427	(5,573)
NET CHANGE IN FUND BALANCE	(30,088)	(6,868)	23,220
FUND BALANCE - BEGINNING OF YEAR	35,588	12,259	(23,329)
FUND BALANCE - END OF YEAR	\$ 5,500	\$ 5,391	\$ (109)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Highline Crossing Metropolitan District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to provide financing for the acquisition, construction, installation and/or operation of street improvements, water, sanitation, safety protection, park and recreation and transportation services. A majority of the facilities constructed by the District have been conveyed to the City of Aurora for perpetual maintenance except certain common-area, street-scape and median landscape areas monument signs, and detention ponds.

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

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

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

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, being 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.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. 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.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

The District amended its annual budget in the Capital Project Funds for the year ended December 31, 2019.

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 funds' average equity balance in total cash.

Capital Assets

Capital assets, which include infrastructure improvements, are reported in the governmental activities column 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 estimated fair market value at the date of donation.

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 capital assets, as applicable. Any construction in process that will be dedicated to another entity is not depreciated. At December 31, 2019, the District had no depreciable assets as all assets were conveyed to the City of Aurora in 2018.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Deferred Inflows/Outflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are property taxes levied for the ensuing year.

Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, with the unamortized amount included as a component of the debt. Debt issuance costs are treated as a period cost and expensed in the year incurred.

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

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Operations and Transfer Fees

The District has imposed an Operations Fee in the amount of \$600 per year on each residential lot within the District. The Operations Fee is billed in quarterly amounts of \$150 and is to be used for operations and maintenance costs.

The District has imposed a Transfer Fee in order to offset administrative costs associated with a transfer of ownership of any unit located within the District. The Transfer Fee is \$300 per lot and is due and payable at the time of any sale, transfer or re-sale of any single-family dwelling which has a certificate of occupancy.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Cash and investments - unrestricted	\$ 2,099
Cash and investments - restricted	<u>262,374</u>
	<u><u>\$ 264,473</u></u>

Cash and investments as of December 31, 2019 consist of the following:

Deposits with financial institutions	\$ 77,033
Investments	<u>187,440</u>
	<u><u>\$ 264,473</u></u>

Cash Deposits

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

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

At December 31, 2019, the District's cash deposits had a bank balance of \$89,352 and carrying balance of \$77,033.

Investments

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

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

The District follows Colorado State Statutes which 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. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ <u>187,440</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), 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 COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST is rated AAAM by Standard and Poor's. A designated custodial bank serves as custodian for COLOTRUST's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for COLOTRUST'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 COLOTRUST. As of December 31, 2019 the District had \$187,440 invested in COLOTRUST held directly by the District. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at www.colotrust.com.

Investment Valuation

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

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 yearend for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

Restricted Cash and Investments

At December 31, 2019, cash and investments in the amount of \$262,374 are restricted for debt service in accordance with the indenture of trust related to the Series 2017A and B General Obligation Bonds (See Note 4).

NOTE 4 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2019:

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
General Obligation Bonds					
2017A	\$ 1,590,000	\$ -	\$ -	\$ 1,590,000	\$ 10,000
2017B	336,000	-	-	336,000	-
Accrued interest on					
2017B bonds	39,329	29,088	-	68,417	-
Developer Advances	25,136	44,427	-	69,563	-
Accrued interest on					
Developer advances	3,471	3,583	-	7,054	-
	<u>\$ 1,993,936</u>	<u>\$ 77,098</u>	<u>\$ -</u>	<u>\$ 2,071,034</u>	<u>\$ 10,000</u>

The detail of the District’s long-term debt is as follows:

General Obligation Limited Tax Bonds, Series 2017A and 2017B

Series 2017A

On July 13, 2017, the District issued \$1,590,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2017A, (2017A Bonds), with interest of 5.50%. Proceeds of the 2017A Bonds were used for issuance costs and to reimburse the Developer for capital

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

construction costs. The 2017A Bonds mature on December 1, 2047 with mandatory sinking fund payments each year beginning December 1, 2020 in varying amounts. Interest is due each June 1 and December 1, commencing December 1, 2017. The 2017A Bonds are subject to optional redemption, as a whole or in integral multiples of \$1,000 on any date, upon payment of par and accrued interest plus a redemption premium in varying rates beginning on December 1, 2022.

The 2017A Bonds are payable from pledged revenue, which includes the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt scheduled payments, specific ownership taxes, capital fees and any other revenues designated as such and pledged to the payment of the 2017A Bonds by a resolution adopted by the Board. Prior to the Conversion Date (first date on which both the debt to assessed ratio is 50% or less; and no amounts of principal or interest on the 2017A Bonds are due but unpaid), the District is required to impose a mill levy sufficient to pay principal and interest on the 2017A Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (1) not in excess of 50.000 mills, and (2) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 50.000 mills; provided, however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2004, any change in law, change in method of calculation, the minimum and maximum mill levies shall be increased or decreased to reflect such changes. On and after the Conversion Date, the District is to impose a mill levy in an amount sufficient to pay the principal and interest on the 2017A Bonds as they come due. The District levied 55.277 mills for 2019 collection.

Pursuant to the Indenture of Trust, the District is required to establish a Reserve Fund for the 2017A Bonds with bond proceeds in the amount of \$129,525. At December 31, 2019, the balance was \$130,047.

Pledged revenue not required for the payment of the 2017A Bonds or the Reserve Fund shall be credited to the Surplus Fund up to a maximum amount of \$159,000. At December 31, 2019, the balance was \$57,058.

Series 2017B

On July 13, 2017 the District issued \$336,000 Subordinate General Obligation Limited Tax Bonds, Series 2017B (2017B Bonds), with interest of 7.75%. Proceeds of the 2017B Bonds were used for issuance costs and to reimburse the Developer for capital construction costs. The 2017B Bonds mature on December 15, 2047. Interest is payable on December 15 of each year, commencing on December 15, 2017. Unpaid interest shall compound annually on December 15 of each year.

The 2017B Bonds are only payable in any particular year to the extent that there are amounts available in the Subordinate Pledged Revenue Fund. The Subordinate Pledged Revenue Fund is to be funded from the Subordinate Required Mill Levy, specific ownership taxes, capital fees and any other revenues designated as such and pledged to the payment of the bonds by a resolution adopted by the Board. The Subordinate Required Mill Levy is 50.000 mills less the 2017A Bond mill levy.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2016 Operation Funding Agreement

The District and Meritage Homes of Colorado, Inc (the Developer) entered into an Operation Funding Agreement on September 23, 2016 with an effective date of August 16, 2016 (2016 OFA). The 2016 OFA provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2016 in an amount not to exceed \$50,000. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum. Any obligation of the District to reimburse the Developer shall expire on December 31, 2056.

2017 Operation Funding Agreement

On December 8, 2016 (effective January 1, 2017), the District entered into the 2017 Operation Funding Agreement with the Developer as amended by the First Amendment to the 2017 Operation Funding Agreement dated June 14, 2017; the Second Amendment to the 2017 Operation Funding Agreement dated November 7, 2017 and the Third Amendment to the 2017 Operation Funding Agreement dated December 11, 2018 (2017 OFA). The 2017 OFA provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2019 in an amount not to exceed \$105,000. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum. Any obligation for the District to reimburse the Developer shall expire on December 31, 2059.

At December 31, 2019, the District owed a total of \$69,563 in principal and \$7,054 in accrued interest under the 2016 OFA and 2017 OFA.

2020 Operation Funding Agreement

The District and Meritage Homes of Colorado, Inc (the Developer) entered into an Operation Funding Agreement on November 18, 2019 with an effective date of January 1, 2020 (2020 OFA). The 2020 OFA provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2020 in an amount not to exceed \$25,000. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum. Any obligation of the District to reimburse the Developer shall expire on December 31, 2060.

The 2020 OFA establishes the priority of payments to reimburse the Developer. Payments shall be applied as follows a) first to the 2016 OFA accrued and unpaid interest and then to the 2016 OFA principal amount due; and then b) first to the 2017 OFA accrued and unpaid interest and then to the 2017 OFA principal amount due; and then c) first to the 2020 OFA accrued and unpaid interest and then to the 2020 OFA principal amount due pursuant to the 2020 OFA.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Facilities Funding and Acquisition Agreement

The District and the Developer entered into a Facilities Funding and Acquisition Agreement (FFA Agreement) on September 23, 2016, effective August 16, 2016.

Organization Costs

According to the terms of the FFA Agreement, the District shall reimburse the Developer for organization expenses incurred. Simple interest accrues on the organization expenses at a rate of 8% from the District's organization date or the date the cost was incurred by the Developer, whichever is later.

Construction Costs

The parties to the FFA Agreement acknowledge that the District will incur construction related expenses in connection with the construction of certain public improvements in reliance upon the Developer's commitment to provide funding. In addition, the Developer has or will design, construct and complete certain improvements for District acquisition upon completion. To the extent that the public improvements are not designed, constructed and completed by the Developer for the District's acquisition upon completion, the Developer shall advance funds to the District necessary to fund the construction related expenses up to \$12,000,000 less the aggregate amount of verified construction costs incurred by the Developer through December 31, 2020. Simple interest accrues from the date the costs are incurred by the Developer at a rate of 8%. The District anticipates payment of the developer advances and/or verified costs to be from the proceeds of debt incurred by the District. Any obligation of the District to reimburse the Developer shall expire on December 31, 2056.

At December 31, 2019, the District had no outstanding obligations under the FFA Agreement.

The District's 2017A General Obligation Bonds will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 10,000	\$ 87,450	\$ 97,450
2021	15,000	86,900	101,900
2022	15,000	86,075	101,075
2023	15,000	85,250	100,250
2024	20,000	84,425	104,425
2025-2029	130,000	403,700	533,700
2030-2034	205,000	360,525	565,525
2035-2039	300,000	294,250	594,250
2040-2044	425,000	198,000	623,000
2045-2047	455,000	58,025	513,025
	<u>\$ 1,590,000</u>	<u>\$ 1,744,600</u>	<u>\$ 3,334,600</u>

Annual debt service requirements of the District's Subordinate General Obligation Limited Tax Bonds, Series 2017B Bonds are not currently determinable since they are payable only from funds available from Subordinate Pledged Revenue.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 – DEBT AUTHORIZATION

At December 31, 2019, the District had the following authorized by unissued indebtedness:

	Authorized May 3, 2016 Election	Authorization Used	Remaining at December 31, 2019
Streets	\$ 10,000,000	\$ 1,066,619	\$ 8,933,381
Parks and recreation	10,000,000	-	10,000,000
Water	10,000,000	216,482	9,783,518
Sanitation	10,000,000	642,899	9,357,101
Public transportation	10,000,000	-	10,000,000
Mosquito control	10,000,000	-	10,000,000
Safety Protection	10,000,000	-	10,000,000
Fire Protection	10,000,000	-	10,000,000
TV relay	10,000,000	-	10,000,000
Security services	10,000,000	-	10,000,000
Operations	10,000,000	-	10,000,000
Refunding	10,000,000	-	10,000,000
IGA Debt	10,000,000	-	10,000,000
	<u>\$ 130,000,000</u>	<u>\$ 1,926,000</u>	<u>\$ 128,074,000</u>

The District's service plan limits the total debt issued to \$10,000,000. In the future, the District may issue a portion or all of the remaining authorized but unissued debt.

NOTE 6 – AGREEMENTS

Intergovernmental Agreement with Aurora

The District and the City of Aurora (City) are parties to an intergovernmental agreement (City IGA) dated September 23, 2016, pursuant to the requirements of the Service Plan. Under the City IGA, the District covenants to dedicate certain public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The City IGA states that the District is not authorized to operate and maintain improvements, other than park and recreation improvements and landscape, access and drainage are improvements within certain tracts, unless otherwise agreed to by the City. The District is required to impose a mill levy for Aurora regional improvements (the ARI Mill Levy). The ARI Mill Levy is defined in the Service Plan as: (i) for the first 20 years (beginning in the first year of collection of a debt service mill levy by the District), one mill; (ii) for the next 20 years, five mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct nonregional improvements. The District levied 1.106 mills for collection in 2019.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 – FUND EQUITY

At December 31, 2019, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$7,511 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$1,900 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11). The restricted fund balance in the Debt Service Fund in the amount of \$260,593 is to be used exclusively for debt service requirements (see Note 4).

NOTE 8 - NET POSITION

The District's net position consists of two components – restricted and unrestricted.

The restricted portion of net position includes amounts 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's restricted net position at December 31, 2019 is as follows:

Restricted net position:

Emergency reserves (see Note 11)	\$ 1,900
Debt Service	<u>253,305</u>
	<u><u>\$ 255,205</u></u>

The District's unrestricted net position at December 31, 2019 totaled \$(2,067,543). This deficit amount was a result of the District being responsible for repayment of bonds issued for public improvements conveyed to other governmental entities.

NOTE 9 – RELATED PARTIES

The property with the District is being developed by the Developer. During 2019, all of the members of the Board of Directors were officers or employees for, or otherwise associated with the Developer and may have conflicts of interest in matters involving the District.

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) as of December 31, 2019. The Pool is an organization created by intergovernmental agreement to provide property,

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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 May 3, 2016, the District's electors authorized the District to increase taxes \$10,000,000 annually or by a lesser annual amount as may be necessary to pay the District's operations and maintenance and other expenses without limitation of rate. Further the District's electors authorized the District to collect, keep and expend all District revenues received in 2016 and each year thereafter, of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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

NOTE 12 – TRANSFERS

During 2019, the Capital Projects Fund transferred its total fund balance of \$3,854 which, represents unspent bond proceeds to the Debt Service Fund.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2019**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 89,001	\$ 89,001	\$ -
Specific ownership taxes	1,800	6,977	5,177
Net investment income	5,000	4,589	(411)
Total Revenues	<u>95,801</u>	<u>100,567</u>	<u>4,766</u>
EXPENDITURES			
Bond interest	87,450	87,450	-
Paying agent and other fees	5,500	5,614	(114)
County treasurer's fees	1,309	1,339	(30)
IGA - Aurora	1,675	2,068	(393)
Contingency	10,000	-	10,000
Total Expenditures	<u>105,934</u>	<u>96,471</u>	<u>9,463</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,133)</u>	<u>4,096</u>	<u>14,229</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	3,854	3,854
Total other financing sources (uses)	<u>-</u>	<u>3,854</u>	<u>3,854</u>
NET CHANGE IN FUND BALANCE	(10,133)	7,950	18,083
FUND BALANCE - BEGINNING OF YEAR	<u>254,717</u>	<u>252,643</u>	<u>(2,074)</u>
FUND BALANCE - END OF YEAR	<u>\$ 244,584</u>	<u>\$ 260,593</u>	<u>\$ 16,009</u>

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2019**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	(3,854)	(3,854)	-
Total other financing sources (uses)	-	(3,854)	(3,854)	-
NET CHANGE IN FUND BALANCE	-	(3,854)	(3,854)	-
FUND BALANCE - BEGINNING OF YEAR	-	3,854	3,854	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied				Property Taxes		Percentage Collected to Levied
		General	Debt	ARI	Total	Levied	Collected	
2017	\$ 461,013	65.000	0.000	0.000	65.000	\$ 29,966	\$ 29,966	100.0%
2018	\$ 591,861	14.000	55.277	1.106	70.383	\$ 41,657	\$ 41,658	100.0%
2019	\$ 1,578,497	14.000	55.277	1.106	70.383	\$ 111,100	\$ 111,100	100.0%
Estimated for year ending December 31, 2020	\$ 2,552,213	18.000	55.664	1.114	74.778	\$ 190,849		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2019**

**\$1,590,000 General Obligation Limited Tax
(Convertible to Unlimited Tax) Bonds, Series 2017A
Dated April 21, 2017
Interest Rate of 5.500%
Principal Due December 1**

Year Ending December 31,	Interest Due June 1 and December 1		
	Principal	Interest	Total
2020	\$ 10,000 *	\$ 87,450	\$ 97,450
2021	15,000 *	86,900	101,900
2022	15,000 *	86,075	101,075
2023	15,000 *	85,250	100,250
2024	20,000 *	84,425	104,425
2025	20,000 *	83,325	103,325
2026	25,000 *	82,225	107,225
2027	25,000 *	80,850	105,850
2028	30,000 *	79,475	109,475
2029	30,000 *	77,825	107,825
2030	35,000 *	76,175	111,175
2031	35,000 *	74,250	109,250
2032	40,000 *	72,325	112,325
2033	45,000 *	70,125	115,125
2034	50,000 *	67,650	117,650
2035	50,000 *	64,900	114,900
2036	55,000 *	62,150	117,150
2037	60,000 *	59,125	119,125
2038	65,000 *	55,825	120,825
2039	70,000 *	52,250	122,250
2040	75,000 *	48,400	123,400
2041	80,000 *	44,275	124,275
2042	85,000 *	39,875	124,875
2043	90,000 *	35,200	125,200
2044	95,000 *	30,250	125,250
2045	100,000 *	25,025	125,025
2046	110,000 *	19,525	129,525
2047	245,000	13,475	258,475
	<u>\$ 1,590,000</u>	<u>\$ 1,744,600</u>	<u>\$ 3,334,600</u>

* sinking fund redemptions