

HIGHLANDS RANCH METROPOLITAN DISTRICT
FINANCE WORKSHOP ADDENDA

February 22, 2017

Addendum documents can also be viewed at
<http://highlandsranch.org>

or

<http://intranet.highlandsranch.org/default.aspx>

- The PFM Group
- HRMD Financial Results as of December 2016

The PFM Group
Financial & Investment Advisors

HIGHLANDS RANCH Metro District

Highlands Ranch Metropolitan District
Investment Performance Review
Quarter Ended December 31, 2016

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Economic and Market Update

CURRENT MARKET THEMES

- Treasury yields are much higher and the yield curve is steeper as long-term rates soared with higher inflation expectations post-election
- Market participants expect the Federal Reserve (the "Fed") to raise rates twice in 2017 under moderate economic conditions:
 - GDP growth accelerating after weak first half of 2016
 - Labor market continues to strengthen
 - Inflation picking up slowly
- Fed officials forecast three interest rate hikes, according to the "dot plot"
- President-elect Trump's proposed spending policies are expected to drive inflation higher and may benefit corporations through tax cuts and deregulation
- Upcoming 2017 elections in Europe could add political uncertainty and generate market volatility

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U.S. ECONOMIC & MARKET HIGHLIGHTS

Over the Last 12 Months	Economic Highlights	Market Highlights
<ul style="list-style-type: none"> Economy Grew \$534 billion Jobs Created 2.2 million New Vehicles Sold 17.5 million New Homes Sold 561 thousand 	<ul style="list-style-type: none"> Consumer Confidence Highest since 2001 Jobless Claims Lowest since 1974 Consumer Prices Highest since 2014 Housing Prices Record high 	<ul style="list-style-type: none"> Equities Record high 2-Yr Treasury Yield Highest since 2011 US Dollar Highest since 2003 Oil Highest since 2015

Source: Bloomberg, As of 12/31/16, 2017 PFM Asset Management LLC 3

U.S. ECONOMY BOUNCES BACK IN THIRD QUARTER

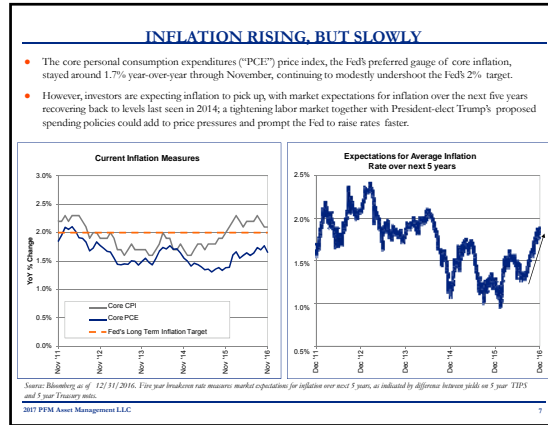
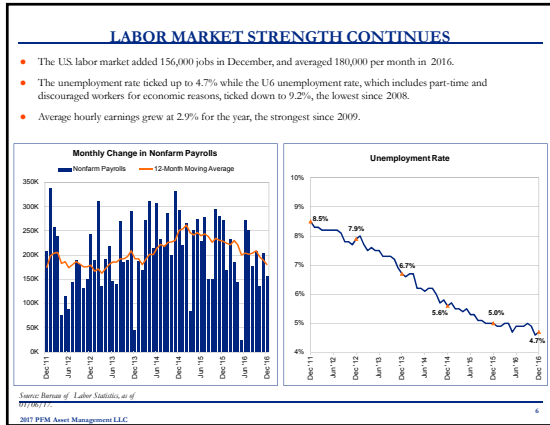
- US GDP growth increased at an annual rate of 3.5% in the third quarter of 2016, the strongest reading in two years.
- Third quarter GDP reflected positive contributions from personal consumption, gross private investment, government spending, and net exports. Gross private investment has returned to positive territory, driven entirely by a large increase in private inventories, after three straight quarters of negative contributions to GDP.

Source: Bureau of Economic Analysis, Bloomberg survey results as of 12/17/16, 2017 PFM Asset Management LLC 4

CONSUMER CONFIDENCE

- Consumer confidence surged to the highest level since 2001 following the US presidential election.
- Stronger consumer sentiment should encourage more spending. The recent trend of declining savings rate could also result in even higher personal consumption in 2017.

Source: Bloomberg, As of 12/31/16, 2017 PFM Asset Management LLC 5



FOMC STATEMENT HIGHLIGHTS

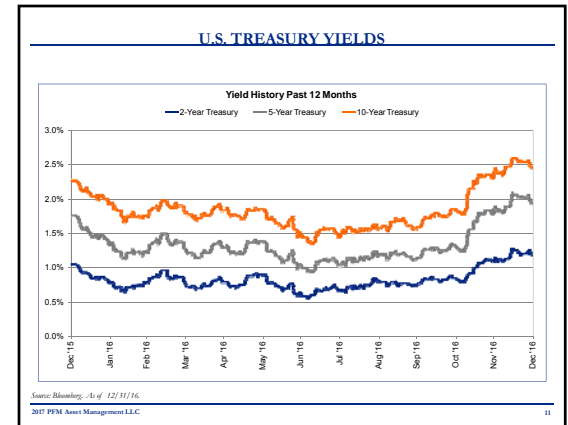
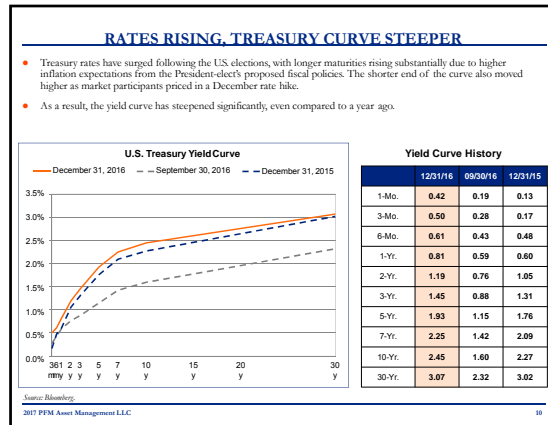
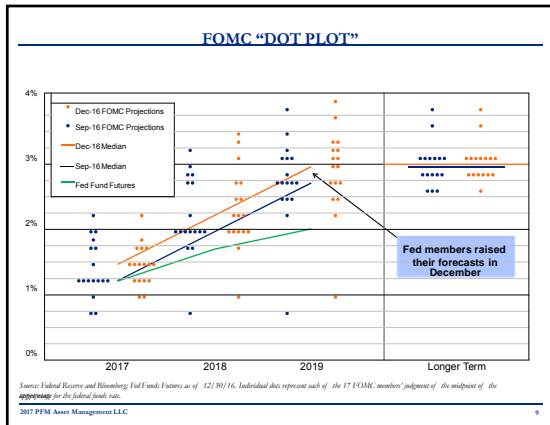
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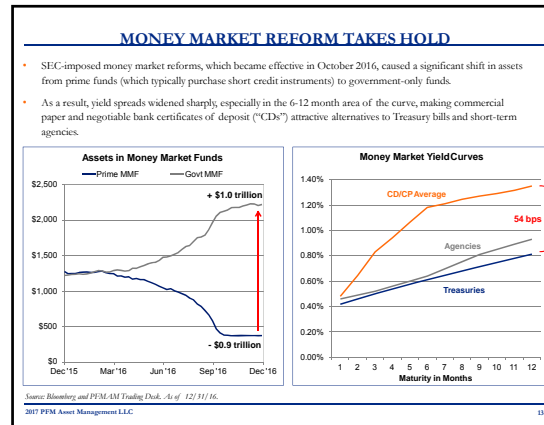
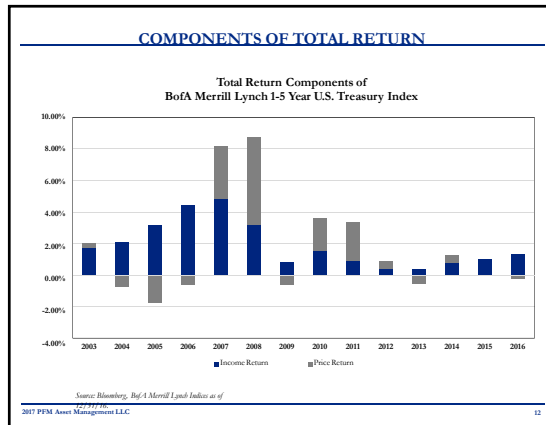
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- Information received since the FOMC (the "Committee") met in November indicates that the **labor market has continued to strengthen** and that **economic activity has been expanding at a moderate pace** since mid-year.
- Job gains have been solid** in recent months and the **unemployment rate has declined**.
- Inflation has increased somewhat since earlier this year** but is still below the Committee's 2 percent longer-run objective, partly reflecting earlier declines in energy prices and in prices of non-energy imports.
- In view of realized and expected labor market conditions and inflation, the **Committee decided to raise the target range for the federal funds rate to 0.50–0.75%**.
- The stance of monetary policy **remains accommodative**, thereby supporting further strengthening in labor market conditions and a return to 2 percent inflation.
- All 10 voting members of the FOMC supported the monetary policy action.**

Source: Federal Reserve

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YIELD ENVIRONMENT

As of December 31, 2016

Maturity	Treasury	Federal Agency	AA Corporate	A Corporate	AAA Taxable Municipal
3-Month	0.50%	0.54%	0.82%	0.96%	-
6-Month	0.61%	0.66%	1.07%	1.29%	-
1-Year	0.81%	0.95%	1.29%	1.42%	1.20%
2-Year	1.19%	1.25%	1.61%	1.80%	1.50%
3-Year	1.45%	1.50%	1.91%	2.13%	1.77%
5-Year	1.93%	2.03%	2.42%	2.62%	2.24%
10-Year	2.45%	2.83%	3.28%	3.37%	3.10%

Source: Bloomberg BI/Yield curves for Treasury, Corporate and Municipal yields, TradeWiz for Federal Agency yields. 3 and 6 month corporate yields from commercial papers.
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POTENTIAL IMPACT OF A TRUMP ADMINISTRATION

Policy	Proposed Platform	Potential Impact
Fiscal	<ul style="list-style-type: none"> Massive infrastructure spending Increased military spending Entitlement changes (but not social security) 	<ul style="list-style-type: none"> Boost economic growth over mid-term Increase borrowing and Federal deficit Higher inflation
Monetary	<ul style="list-style-type: none"> Fill 2 vacancies on Federal Reserve Board Increase Congressional oversight of Fed Replace chair (Yellen) and vice chair (Fischer) when terms expire in February 2018 	<ul style="list-style-type: none"> Tighter monetary policy Less regulation of banks Higher bond yields
Regulatory	<ul style="list-style-type: none"> Reduce corporate and personal income taxes Simplify tax code Repeal Dodd-Frank Repeal Affordable Healthcare Act Withdraw from Paris Climate Accord Promote fossil fuel-based energy production 	<ul style="list-style-type: none"> Increase corporate earnings Change the risk profile of the financial services industry Disrupt the healthcare industry Lower energy prices
Immigration	<ul style="list-style-type: none"> Restrict immigration Deport undocumented immigrants "Force Mexico to pay" 	<ul style="list-style-type: none"> Labor shortages in some industries Exacerbate trade tensions with Mexico Push up U.S. consumer prices
Trade	<ul style="list-style-type: none"> Challenge China's economic policy Renegotiate NAFTA, abandon TPP Impose taxes or tariffs to pressure nations to negotiate bi-lateral agreements 	<ul style="list-style-type: none"> Stronger U.S. dollar Higher inflation Possible trade wars

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2017 OUTLOOK: SUMMING IT ALL UP

Key Takeaways:

- US economy expected to show improving growth
- Interest rates are likely to continue rising at modest pace
- Inflation will rise from historic lows
- 35-year bull market in bonds likely over

Upside Opportunity:

- Faster economic growth creates a virtuous cycle of improving productivity and lower deficits, boosting equities and bonds

Downside Risks:

- Rising political uncertainty around the world
- Increasing trade frictions
- Business cycle is long in duration

➔

Fixed Income Portfolio Strategy Implications

- Returns driven by Fed policy and economic landscape
- Increased volatility in the bond market due to political uncertainty
- Sector allocation remains broadly diversified
- Continued emphasis on use of credit and other spread products

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Portfolio Characteristics and Investment Strategy

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PORTFOLIO RECAP

- The US presidential election dominated the 4th quarter—first by creating general uncertainty, then by triggering significant market reactions to the surprising Trump victory. Following the election, interest rates surged as expectations for stronger economic growth and higher inflation took hold.
- For much of the past year, we maintained a duration position close to the duration of the portfolio's performance benchmark. By late October, however, we recognized that the uncertainty related to the election, and the strong likelihood of a Fed rate increase, had created an environment less favorable to this duration position. We strategically shortened portfolio durations in late October, reducing the price sensitivity of portfolios to interest rate changes as shorter durations are better for portfolios in a rising rate environment. Then, in early December, following the dramatic rise in interest rates, we extended durations to be more closely aligned with benchmarks, capturing the higher yields available.
- The difference in yield between Federal agencies and US Treasuries (the spread) continued to narrow, erasing much of the value that was seen off and on throughout the year. In some cases, we found it strategically advantageous to swap out of expensive Federal agency holdings into US Treasuries at similar yields. When buying Federal agency securities, we focused on new issues that came to market with yield concessions that offered good value.
- We generally maintained allocations to the corporate sector as valuations remained fair-to-moderately-expensive amid tight yield spread levels. The corporate sector once again outperformed comparable-maturity Treasuries during the fourth quarter, and finished the year with the best performance compared to Treasuries since 2012.
- We continued to invest in new-issue asset-backed securities ("ABS"), where permitted, as AAA-rated tranches of high-quality structures continued to offer good value, adding to returns and further diversifying portfolios.
- We maintained existing holdings of mortgage-backed securities ("MBS"), where permitted, seeking incremental income and further portfolio diversification. The sharp rise in interest rates during the quarter led to shorter MBS prepayments, which caused many pass-through structures to extend and underperform similar duration Treasuries. Our focus remained on structures that were less susceptible to extension risk.
- The well-publicized reforms to the money market fund industry took effect in the fourth quarter. The reforms caused significant changes in the supply/demand dynamic in short-term markets. Nearly \$1 trillion in assets shifted from "prime" funds that invest in credit instruments, into government funds, that hold only government securities. The result was increased demand for—and thus lower yields on—short-term government securities and reduced demand for—and thus higher yields on—short-term credit instruments (e.g. commercial paper and bank certificates of deposit). This created excellent investment opportunities in short-term credit instruments.

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Portfolio Statistics

As of December 31, 2016

Par Value: \$8,815,000
 Total Market Value: \$8,669,351
 Security Market Value: \$8,746,232
 Accrued Interest: 121,119
 Cash: 48.3%
 PFM
 Amortized Cost: \$8,906,968
 Yield as Market: 1.31%
 Yield as Cost: 1.82%
 Effective Duration: 1.81 Years
 Duration to Worst: 1.81 Years
 Average Maturity: 1.83 Years
 Average Credit: AA

Credit Quality (S&P Ratings)

Sector Allocation

Maturity Distribution

* See average credit rating's table rating assigned a current value and subject to its relative weighting in the portfolio.

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Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter-Ended				Annualized Return	
		12/31/16	09/30/16	06/30/16	03/31/16	1 Year	3 Year
HIGHLANDS RANCH METRO DISTRICT	1.81	-0.36%	-0.05%	0.55%	0.94%	1.08%	-
BoFA ML-1.5 Year U.S. Treasury Index	1.82	-0.43%	-0.17%	0.53%	0.90%	0.89%	-
Difference		0.07%	0.06%	0.02%	0.04%	0.19%	-

Portfolio performance is given if the index selection indicated.

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Sector Allocation

Sector	December 31, 2016		September 30, 2016		June 30, 2016		March 31, 2016	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
Federal Agency/GSE	17.2	44.4%	17.8	45.7%	12.6	32.4%	15.6	40.2%
U.S. Treasury	7.8	20.0%	6.1	15.7%	15.3	34.3%	14.1	36.3%
Corporate	7.3	18.6%	8.1	20.8%	7.2	18.5%	7.2	18.4%
Municipal	3.0	7.8%	3.0	7.8%	2.7	6.9%	1.9	4.9%
Superior / Super-Nat Agency	1.9	5.0%	1.6	4.0%	0.9	2.3%	0.0	0.0%
Commercial Paper	1.5	4.0%	2.3	6.0%	2.3	5.9%	0.0	0.0%
Total	\$38.7	100.0%	\$38.9	100.0%	\$39.0	100.0%	\$38.8	100.0%

* Total may not add to total due to rounding.

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INVESTMENT STRATEGY OUTLOOK

- Although we enter 2017 with a high degree of political uncertainty, we expect a modest uptick in economic growth in the US, a trend toward higher inflation, and a continued, but gradual, upward trajectory of interest rates.
- The most recent Federal Open Market Committee projections indicate three Fed rate hikes in 2017 and another three hikes in 2018. The market is more conservative, expecting only two hikes in 2017.
- Since 2017 began with the highest yields in several years, we plan to initially align portfolio durations with the durations of performance benchmarks.
- Rising interest rates ultimately result in higher earning potential for fixed-income investors but negatively affect the market value of current holdings. During periods of rising rates, our active management approach, which seeks to maximize long-term returns, may result in the realization of short-term losses. This is in contrast to the gains realized over the past several years, which resulted in generally declining rates.
- The difference in yields between US Treasury and Federal agency securities remains narrow. As a result, our strategy will generally favor US Treasuries when selecting securities in the government sector unless specific Federal agency issues offer sufficient incremental value.
- Yield spreads on corporate securities also remain narrow. As a result, identifying incremental return potential in the corporate bond sector requires careful relative value analysis. Improving corporate profits, as well as anticipated pro-business tax reform from the incoming Trump administration—lower taxes and less regulation—should be good for corporate profits, and therefore positive for corporate credit fundamentals.
- We will continue to evaluate opportunities in the MBS and ABS sectors, purchasing those issues we believe are well structured, offer adequate yield spreads, and which have limited duration variability.
- Our strategy continues to favor broad allocation to various credit sectors, including corporate notes, commercial paper, negotiable bank CDs, and asset-backed securities.
- Yields on commercial paper and negotiable CDs continue to offer significant yield pickup relative to short-term government securities.
- We will continue to monitor incoming economic data, Fed policy, and market relationships, adjusting portfolio positioning as needed. This will include monitoring and assessing the policies of the incoming Trump administration for its impact on economic and market conditions.

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District Portfolio Holdings

Glossary

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date and the date of the report. Discount or premium with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the interest.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, which nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount, expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.




Glossary

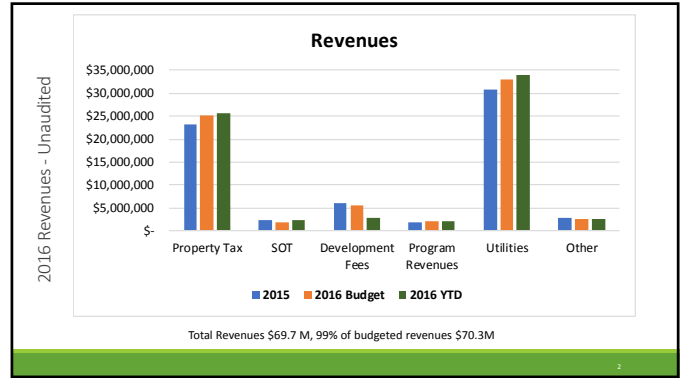
- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells those securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction occurs on a non-business day (i.e. coupon payments and maturity proceeds), the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred however the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed however the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return, based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.



Financial Report
as of
December 31, 2016

February 22, 2017

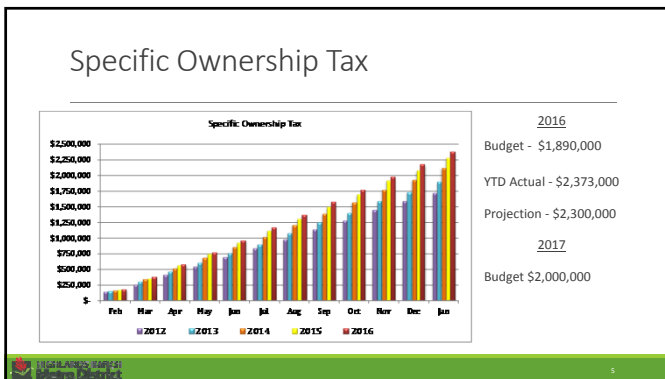
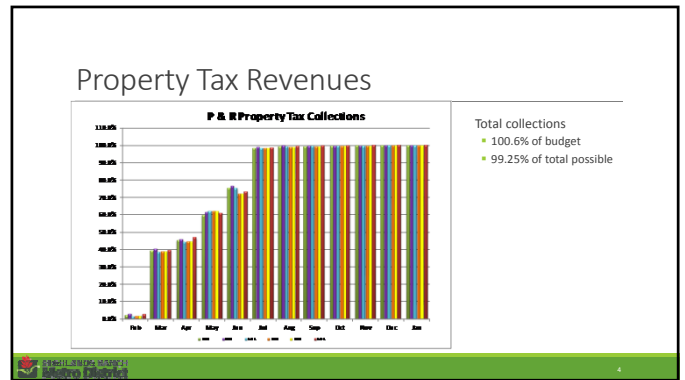






Revenues

	2014	2015	2016 Budget	2016 YTD
Property Tax (net of fees)	\$ 22,898,399	\$ 23,271,840	\$ 25,184,781	\$ 25,624,593
Specific Ownership	2,116,761	2,283,942	1,890,000	2,372,968
System Development Fees	2,620,591	3,019,829	2,738,800	1,420,565
Tap Fees	3,068,780	3,095,135	2,676,980	1,470,610
Program Based Revenues				
Recreation Revenue	1,406,238	1,305,065	1,632,000	1,486,038
Mansion Revenue	413,701	580,559	543,260	570,018
Water & Wastewater	27,451,048	28,789,563	31,000,000	31,927,850
Stormwater	725,968	734,611	735,000	740,973
Streetlight	1,163,641	1,355,021	1,386,000	1,444,425
Conservation Trust Fund	458,543	468,136	450,000	553,043
Contributed Capital	81,159	140,000	384,000	50,380
Other	759,391	1,118,143	623,350	933,894
Intragovernmental	626,666	771,518	665,970	614,905
Interest Income	351,194	285,670	343,300	465,362
TOTAL	64,142,080	67,219,332	70,253,481	69,672,621

- Program based revenues
 - Mansion –
 - Liquor sales exceeded conservative budget
 - Recreation 91.1% of Budget
 - Youth Programs under \$155k
 - Adult Programs under \$32k
- Conservation Trust
 - Lottery Proceeds \$553k
 - 5 year average proceeds \$465k
- Other
 - Cell Site leases, insurance proceeds, grants



General Fund - Expenditures by Object

	2015 ACTUAL	2016 BUDGET	2016 REVISED	2016 Projected	Under / (Over)	Revised
BOARD DIRECTED BUDGET						
Personal Services	\$ 5,725,555	\$ 6,117,715	\$ 5,995,160	\$ 5,860,893	\$ 134,267	2.2%
Contracted Services	7,880,438	8,812,299	8,812,299	8,610,122	202,177	2.3%
Miscellaneous Capital	293,958	-	-	-	-	-
Total Board Directed Cost	13,899,951	14,930,014	14,807,459	14,471,015	336,444	2.3%
DEPT. DIRECTED NONVARIABLE						
Materials and Supplies	742,613	826,180	826,180	646,161	180,019	21.8%
Purchased Services	901,464	1,194,444	1,226,204	986,138	240,066	19.6%
Contracted Services	767,186	867,943	901,493	798,786	102,707	11.4%
Total Dept Dir Nonvariable	2,411,263	2,889,567	2,953,877	2,431,085	522,792	17.7%
DEPT DIRECTED VARIABLE						
Fuel and Chemical Services	125,275	206,000	176,000	130,147	45,853	26.1%
Utilities	1,285,597	1,374,515	1,375,815	1,514,891	(139,076)	-10.1%
Total Dept dir variable	1,410,872	1,580,515	1,551,815	1,645,038	(93,223)	-6.0%
TOTAL DEPARTMENTS	\$ 17,722,086	\$ 19,399,096	\$ 19,313,151	\$ 18,547,138	\$ 766,013	4.0%

Fire Contract Under still waiting final 2016 adjustment
 Miscellaneous Outside Services Under budget (Community Relations)
 Water significantly over budget \$156K

Recreation & Park Services

	Actual 2015	Budget 2016	Projected 2016	2017 Budget
REVENUES				
Revenues				
Reservations	\$ 396,077	\$ 351,160	\$ 364,931	\$ 392,300
Internal Field Reservations	229,813	198,640	197,278	180,138
Program	927,566	1,054,000	838,678	972,596
Other	5,832	28,000	34,096	34,956
Recreation / Park Services			30,795	30,790
Senior Services				
Net Investment Income				
	<u>1,559,887</u>	<u>1,623,000</u>	<u>1,466,078</u>	<u>1,600,884</u>
EXPENDITURES				
Operations Budget				
Recreation Program	1,113,130	1,210,703	1,057,055	1,380,222
Park Services	669,383	750,494	666,448	794,631
Senior Services			72,463	79,900
	<u>1,782,513</u>	<u>1,961,197</u>	<u>1,806,006</u>	<u>2,054,603</u>
Revenue over (under) expenditures	(222,625)	(299,197)	(339,928)	(453,719)
OTHER FINANCING SOURCES (USES)				
Operating transfers				
Net investment income				
General - Recreation/Park Services	222,625	339,079	329,850	454,170
Gas Glo Capital - Recreation	(9,882)	(9,882)		
Misc Repts - Recreation				
Manion - Recreation				
Lease proceeds				
	<u>222,625</u>	<u>329,197</u>	<u>329,850</u>	<u>454,170</u>
REVENUE AND OTHER FINANCING				
SOURCES OVER (UNDER) EXPENDITURES				
AND OTHER FINANCING USES				
FUND BALANCE - BEGINNING				
FUND BALANCE - ENDING	\$ -	\$ -	\$ -	\$ -

Lower than budgeted revenue is offset by lower than budgeted expenditures

Adopted 2016 Budget included Senior Services in Operations transferred mid-year to Recreation

General Fund Support increase from 2015 of \$107,225 (48%)

Recreation/Park Services/Senior Support

General Fund Transfer History

	2010	2011	2012	2013	2014	2015	2016 Prelim	2017 Bud
Revenue	\$ 1,503,971	\$ 1,482,856	\$ 1,418,900	\$ 1,394,317	\$ 1,625,097	\$ 1,559,887	\$ 1,486,038	\$ 1,600,484
Expenses	1,718,387	1,636,936	1,525,985	1,576,533	1,764,982	1,782,512	1,815,888	2,054,654
Net	\$ (214,416)	\$ (154,080)	\$ (107,085)	\$ (182,216)	\$ (139,885)	\$ (222,625)	\$ (329,850)	\$ (454,170)

Breakdown of Transfer

	Actual 2015	Budget 2016	Projected 2016	2017 Proposed
General Fund Transfers				
Recreation/Park Services	\$ 222,625	\$ 339,079	\$ 288,182	\$ 404,970
Senior Services			41,668	49,200
TOTAL	\$ 222,625	\$ 339,079	\$ 329,850	\$ 454,170

Mansion - Fund Sheet

	Actual 2014	Budget 2016	Projected 2016	2017 Budget
REVENUES				
Revenues				
Reservations	\$ 371,418	\$ 342,500	\$ 363,792	\$ 335,600
Program	27,192	35,000	19,458	-
Other	181,949	165,760	186,767	165,490
Other - Insurance Proceeds			34,836	
Net Investment Income	24,073	41,700	23,685	43,100
	<u>604,632</u>	<u>584,960</u>	<u>628,498</u>	<u>544,190</u>
EXPENDITURES				
Operations Budget				
Cost of sales	452,034	473,250	387,092	458,635
Use of reserve	37,704	40,000	41,531	42,000
Budget Request- one-time		11,680	52,302	8,500
Budget Request- ongoing				25,300
	<u>489,738</u>	<u>524,930</u>	<u>480,925</u>	<u>546,435</u>
Revenue over (under) expenditures	114,894	60,030	147,544	(2,245)
OTHER FINANCING SOURCES (USES)				
Operating transfers				
Net investment income				
General - Mansion	(13,200)	(12,800)	(40,300)	(43,800)
	<u>(13,200)</u>	<u>(12,800)</u>	<u>(40,300)</u>	<u>(43,800)</u>
REVENUE AND OTHER FINANCING				
SOURCES OVER (UNDER) EXPENDITURES				
AND OTHER FINANCING USES	101,694	47,230	107,244	(46,045)
FUND BALANCE - BEGINNING	4,098,632	4,169,105	4,300,326	4,307,570
FUND BALANCE - ENDING	\$ 4,300,326	\$ 4,216,335	\$ 4,307,570	\$ 4,261,525

- *Revenue**
- ✓ Projected 2016 revenue from reservations \$372,000 (\$29,500 more than budgeted)
 - ✓ Projected program revenue under budget as is related direct program expenses
- *Expenses under revised budget**
- ✓ Use of Reserves under \$22,700
 - ✓ Operating expenses under \$8,000
 - ✓ Utility expenses under \$10,000

