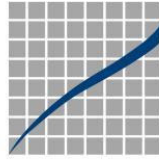


**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**Meridian Ranch Metropolitan District**  
El Paso County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Meridian Ranch Metropolitan District ("District"), as of and for the year ended December 31, 2021, 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, 2021, 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.

### 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 the 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 within one year after the date that the financial statements are available to be issued.

## **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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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.

## Other Matters

### *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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified 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. Such 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.

*BiggsKofford P.C.*

Colorado Springs, Colorado

July 29, 2022

## **BASIC FINANCIAL STATEMENTS**

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 854,508
Cash and investments - restricted	7,243,813
Receivable from County Treasurer	20,029
Due from Meridian Service Metropolitan District	327,000
Prepaid expenditures	5,403
Other receivables	1,195
Property taxes receivable	2,692,135
<b>Total assets</b>	<b>11,144,083</b>
<b><u>LIABILITIES</u></b>	
Accounts payable	4,512
Interest payable	158,400
Noncurrent liabilities:	
Due within one year	1,520,000
Due in more than one year	57,770,000
<b>Total liabilities</b>	<b>59,452,912</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred property tax revenues	2,692,135
<b>Total deferred inflows of resources</b>	<b>2,692,135</b>
<b><u>NET POSITION</u></b>	
Restricted for:	
Emergency reserve	1,700
Debt service	7,426,736
Unrestricted	(58,429,400)
<b>Total net position</b>	<b>\$ (51,000,964)</b>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**MERIDIAN RANCH METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>					
<b>PRIMARY GOVERNMENT</b>					
General government	\$ 392,237	\$ -	\$ 4,015,517	\$ -	\$ 3,623,280
Interest and related costs on long-term debt	2,130,645	-	-	-	(2,130,645)
<b>Total primary government</b>	<b>\$ 2,522,882</b>	<b>\$ -</b>	<b>\$ 4,015,517</b>	<b>\$ -</b>	<b>1,492,635</b>
<b>GENERAL REVENUES</b>					
Property taxes					2,160,734
Specific ownership taxes					253,777
Investment income					2,009
<b>Total general revenues</b>					<b>2,416,520</b>
<b>Change in net position</b>					<b>3,909,155</b>
<b>Net position, beginning of year</b>					<b>(54,910,119)</b>
<b>Net position, end of year</b>					<b>\$ (51,000,964)</b>

The accompanying notes and independent auditor's report  
should be read with these financial statements.



**MERIDIAN RANCH METROPOLITAN DISTRICT  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 854,508	\$ -	\$ -	\$ 854,508
Cash and investments - restricted	1,700	-	7,242,113	7,243,813
Due from Meridian Service				
Metropolitan District	-	-	327,000	327,000
Receivable from County Treasurer	4,006	-	16,023	20,029
Property taxes receivable	538,466	-	2,153,669	2,692,135
Prepaid expenditures	5,403	-	-	5,403
Other receivables	1,195	-	-	1,195
<b>Total assets</b>	<b><u>\$ 1,405,278</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,738,805</u></b>	<b><u>11,144,083</u></b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 4,512	\$ -	\$ -	4,512
<b>Total liabilities</b>	<b><u>4,512</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,512</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred property tax revenues	538,466	-	2,153,669	2,692,135
<b>Total deferred inflows of resources</b>	<b><u>538,466</u></b>	<b><u>-</u></b>	<b><u>2,153,669</u></b>	<b><u>2,692,135</u></b>
<b><u>FUND BALANCES</u></b>				
Nonspendable				
Prepaid expenditures	5,403	-	-	5,403
Restricted for:				
Emergency reserve	1,700	-	-	1,700
Debt service	-	-	7,585,136	7,585,136
Unrestricted	855,197	-	-	855,197
<b>Total fund balances</b>	<b><u>862,300</u></b>	<b><u>-</u></b>	<b><u>7,585,136</u></b>	<b><u>8,447,436</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,405,278</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,738,805</u></b>	
Amounts reported in governmental activities in the statement of net position are different because:				
Long-term debt used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Interest payable				(158,400)
Bonds payable				(59,290,000)
<b>Net position of governmental activities</b>				<b><u>\$ (51,000,964)</u></b>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**MERIDIAN RANCH METROPOLITAN DISTRICT  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	<b>General Fund</b>	<b>Conservation Trust</b>	<b>Debt Service Projects</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 432,179	\$ -	\$ 1,728,555	\$ 2,160,734
Specific ownership taxes	50,755	-	203,022	253,777
Conservation trust funds	-	51,017	-	51,017
Investment income	-	-	2,009	2,009
<b>Total revenues</b>	<b>482,934</b>	<b>51,017</b>	<b>1,933,586</b>	<b>2,467,537</b>
<b>EXPENDITURES</b>				
County Treasurer fees	6,487	-	25,945	32,432
Directors fees	7,900	-	-	7,900
Dues and subscriptions	598	-	-	598
Election	472	-	-	472
Insurance and bonds	4,702	-	-	4,702
Management and accounting	21,592	-	-	21,592
Miscellaneous	1,213	-	511	1,724
Payroll taxes	604	-	-	604
Professional fees	10,996	-	-	10,996
Debt service:				
Interest	-	-	2,134,237	2,134,237
Paying agent fees	-	-	200	200
Principal	-	-	1,395,000	1,395,000
<b>Total expenditures</b>	<b>54,564</b>	<b>-</b>	<b>3,555,893</b>	<b>3,610,457</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 428,370</b>	<b>\$ 51,017</b>	<b>\$ (1,622,307)</b>	<b>\$ (1,142,920)</b>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**MERIDIAN RANCH METROPOLITAN DISTRICT  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Conservation Trust</u>	<u>Debt Service Projects</u>	<u>Total Governmental Funds</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Intergovernmental revenues -				
Meridian Service Metro District	\$ -	\$ -	\$ 3,964,500	\$ 3,964,500
Intergovernmental expenses -				
Meridian Service Metro District	(260,000)	(51,017)	-	(311,017)
Transfer from (to) other funds	(232)	-	232	-
<u>Total other financing sources (uses)</u>	<u>(260,232)</u>	<u>(51,017)</u>	<u>3,964,732</u>	<u>3,653,483</u>
<u>Net change in fund balances</u>	<u>168,138</u>	<u>-</u>	<u>2,342,425</u>	<u>2,510,563</u>
<u>Fund balances, beginning of year</u>	<u>694,162</u>	<u>-</u>	<u>5,242,711</u>	<u>5,936,873</u>
<u>Fund balances, end of year</u>	<u>\$ 862,300</u>	<u>\$ -</u>	<u>\$ 7,585,136</u>	<u>\$ 8,447,436</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**MERIDIAN RANCH METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

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Net change in fund balances - total governmental funds	\$	2,510,563
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term obligations provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences is the treatment of long-term obligations and related items as follows:

Principal payments on bonds and loans		1,395,000
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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 payable - change in liability		3,592
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Change in net position of governmental activities	\$	3,909,155
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The accompanying notes and independent auditor's report  
should be read with these financial statements.

**MERIDIAN RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	<b>Budget Original and Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>REVENUES</u></b>			
Property taxes	\$ 432,234	\$ 432,179	\$ (55)
Specific ownership taxes	38,647	50,755	12,108
Investment income	5,000	-	(5,000)
<b>Total revenues</b>	<b>475,881</b>	<b>482,934</b>	<b>7,053</b>
<b><u>EXPENDITURES</u></b>			
County Treasurer fees	6,484	6,487	(3)
Directors fees	12,000	7,900	4,100
Dues and subscriptions	1,500	598	902
Election	-	472	(472)
Insurance and bonds	5,000	4,702	298
Management and accounting	30,000	21,592	8,408
Miscellaneous	1,000	1,213	(213)
Payroll taxes	918	604	314
Professional fees	38,000	10,996	27,004
<b>Total expenditures</b>	<b>94,902</b>	<b>54,564</b>	<b>40,338</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Intergovernmental expenses - Meridian Service Metro District	(260,000)	(260,000)	-
Transfer from (to) other funds	-	(232)	232
<b>Total other financing sources (uses)</b>	<b>(260,000)</b>	<b>(260,232)</b>	<b>232</b>
<b>Net change in fund balance</b>	<b>\$ 120,979</b>	<b>168,138</b>	<b>\$ 47,623</b>
Fund balance, beginning of year		694,162	
Fund balance, end of year		<b>\$ 862,300</b>	

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**1. DEFINITION OF REPORTING ENTITY**

Meridian Ranch Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized on May 5, 1998, concurrently with Meridian Service Metropolitan District ("Meridian Service") (collectively, the "Districts") to provide water and wastewater service, street improvements, safety protection, parks and recreation facilities, drainage, landscape, mosquito control, transportation, and television relay for public and private purposes by any available means. The Districts also have limited fire protection powers in a cooperative manner with Falcon Fire Protection District. The Districts' service area is located in El Paso County, Colorado. The District is intended to be the financing district related to Meridian Service, the operating district.

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 operation 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.

**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 taxes and intergovernmental revenues.

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

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Government-wide and fund financial statements (continued)

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 position

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. Expenditures for property and equipment are shown as increases in assets, and redemptions of bonds, notes and developer advances are recorded as 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 measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. The major sources of revenue subject to accrual are property taxes, specific ownership taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid. 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:

*General fund* - The general fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

*Conservation trust fund* - The conservation trust fund is used to account for the receipt and spending of lottery proceeds.

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Debt service fund* - The debt service fund is used to account for the accumulation of resources that are restricted, committed, or assigned to expenditures for principal, interest, and other debt related costs of the governmental funds.

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

Budgets

In accordance with the local government budget law of Colorado, the District's board of directors holds public hearings in the fall of 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.

The District incurred expenses in excess of appropriations for the year ended December 31, 2021 in the conservation trust fund primarily due to transfers to Meridian Services Metropolitan District. The District plans to amend the budget accordingly.

Pooled cash and investments

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

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 assess the property tax obligation of 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, or at the taxpayers election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

See independent auditor's report.



**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property taxes (continued)

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 inflows of resources related to property tax revenues are recorded as revenues in the year they are available or collected.

Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The revenues are recognized when earned in the government-wide statements. The District has one item that qualifies for reporting in this category. Accordingly, that item, deferred property tax revenues, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund balances

Fund balances for governmental funds are 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 balances or inventory) or is 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 grantors or 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.

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund balances (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 policy to use the most restrictive classification first.

**3. CASH AND INVESTMENTS**

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 854,508
Cash and investments - restricted	<u>7,243,813</u>
Total cash and investments	<u><u>\$ 8,098,321</u></u>

Cash and investments as of December 31, 2021 consist of the following:

Deposits with financial institutions	\$ 1,388
Investments	<u>8,096,933</u>
	<u><u>\$ 8,098,321</u></u>

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. The 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 102% of the aggregate uninsured deposits.

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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.

As of December 31, 2021, the District's cash deposits had a bank balance of \$2,437 and a book balance of \$1,388.

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 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 disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless otherwise 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 US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**3. CASH AND INVESTMENTS (CONTINUED)**

Investments (continued)

As of December 31, 2021, the District had the following in investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colotrust Plus+	Weighted average under one year	\$ 854,820
Governmental money markets	Weighted average under 60 days	<u>7,242,113</u>
		<u><u>\$ 8,096,933</u></u>

Colotrust

During 2020, 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 Commission 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.

Colotrust offers shares in two portfolios, Colotrust Prime and Colotrust Plus+. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. Colotrust Plus+ may also invest in certain obligations of US government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of US government agencies. A designated custodial bank serves as custodian for the Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. ColoTrust is rated AAAM by S&P Global Ratings.

Governmental money markets

The BBVA Public Funds Money Market is a money market fund that is managed by BBVA and each share is equal in value to \$1. The fund is rated AAAM and invests in high quality short-term US government securities. The average maturity of the underlying securities is 90 days or fewer.

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**MERIDIAN RANCH METROPOLITAN DISTRICT**  
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**4. LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term obligations for the year ended December 31, 2021:

	Balance 1/1/2021	Additions	Repayments/ Accretion	Balance 12/31/2021	Due within one year
Bonds payable:					
Series 2008	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000	\$ -
Loans:					
Series 2013	27,260,000	-	(990,000)	26,270,000	1,060,000
Series 2014	2,975,000	-	(105,000)	2,870,000	110,000
Series 2018	23,450,000	-	(300,000)	23,150,000	350,000
	<u>\$60,685,000</u>	<u>\$ -</u>	<u>\$ (1,395,000)</u>	<u>\$ 59,290,000</u>	<u>\$ 1,520,000</u>

The details of the Districts long-term obligation are as follows:

2008 Series Bonds

On October 8, 2008, the District issued Subordinate General Obligation Limited Tax Bonds in the amount of \$27,715,000. The Series 2008 Bonds mature on December 1, 2037, with an interest rate of 5.00% until the bond is paid in full. Interest and principal payments are due annually on December 15. The Series 2008 Bonds are subject to redemption prior to maturity, at the option of the District, on any date, without redemption premium. The Series 2008 Bonds are also subject to mandatory sinking fund redemptions on December 1, 2012 and on each December 1 thereafter, prior to the maturity of the Series 2008 Bonds.

The Series 2008 Bonds are subordinate obligations of the District secured by and payable from pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the "Required Mill Levy" (as defined below), (2) the capital fees, (3) the portion of the specific ownership taxes which is collected as a result of the imposition of the Required Mill Levy and (4) any other legally available monies which the District determines to be treated as pledged revenue. The Required Mill Levy consists of an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay principal, premium, if any, and interest on bonds as the same become due and payable. The maximum Required Mill Levy is 50.000 mills and the minimum Mill Levy is 20.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District.

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**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. LONG-TERM OBLIGATIONS (CONTINUED)**

*Events of Default - 2008 Series Bonds*

Events of default occur if: (a) the District fails to pay or cause to be paid when due any principal or interest on the bond or any amount payable to the bank under the reimbursement agreement; (b) fails to pay the unpaid purchase draw within 180 days of such draw; (c) failure to certify a mill levy; (d) fails to observe or perform any of the other covenants; (e) any representation or warranty made by the District proves to have been untrue or incomplete; (f) the occurrence and continuation of an event of default after the expiration of any grace period; (g) default in the payment of principal or interest when due on any financial obligation of the District and continuance of such default beyond any grace period; (h) the pledge of the collateral or any other security interest created under the reimbursement agreement fails to be fully enforceable; (i) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$50,000 in aggregate is rendered against the District and the District fails to vacate, bond, stay, contest, pay, or satisfy such judgment or court order for 30 days; (j) the District commences bankruptcy, insolvency, or liquidation; (k) the reimbursement agreement ceases to be valid; (l) the District's auditor delivers a qualified opinion with respect to the District's status as a going concern; (m) any funds or investments on deposit in any of the accounts established under the agreement become subject to any writ, judgment, warrant, attachment, execution, or similar process; (n) a change occurs in the financial or operating conditions of the District that will have a materially adverse impact on the ability of the District to generate revenues sufficient to satisfy the District's obligations under this agreement; (o) any funds or investments on deposit in any of the other funds or accounts established under this agreement shall become subject to any writ, judgment, warrant or attachment, or similar process; (p) any determination, decision, or decree is made by the Internal Revenue Service requiring the interest payable on the loan becoming includable in the gross income of the lender pursuant to Section 103(b) of the Internal Revenue Code; (q) the amount of the reserve fund is less than the required reserve for a period of time exceeding 12 months.

*Remedies on occurrence of events of default for the bond*

Upon the occurrence and continuance of an event of default, the lender has the following rights and remedies: (a) notify the District and the trustee of the occurrence and continuance of an event of default; (b) deliver notice to the trustee directing the trustee to immediately declare all outstanding bonds to be subject to mandatory tender and purchase pursuant to the agreement; (c) take any other action or exercise any other remedy available under the financing documents, at law or in equity.

2013 Series Loan

On March 28, 2013, the District obtained a Tax-Free Loan Refunding and Improvement Issue, Series 2013 in the amount of \$33,500,000, the proceeds of which were used to cancel the Series 2009 and the Series 2011 bonds, partially pay the 2008 subordinate debt and provide new construction money.

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**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. LONG-TERM OBLIGATIONS (CONTINUED)**

2013 Series Loan (continued)

The Series 2013 Loan has a fixed-rate of 3.03% for ten years and assumes a 5.5% rate thereafter with a 30-year amortization. Interest is payable on June 1 and December 1. Principal payments are due annually on December 1 with a balloon maturity on March 28, 2023.

The Series 2013 Loan is secured by and payable on a parity basis with the Series 2018 Loan from pledged revenues consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the specific ownership taxes which is collected as a result of the imposition of the Required Mill Levy, (3) facility fees transferred for Meridian Service (see Note 7 – Intergovernmental Agreements) and (4) any other legally available monies which the District determines to be treated as pledged revenue.

The Series 2013 Loan requires a reserve fund to be held and administered by the custodian as long as the loan is outstanding in whole or in part. The reserve fund constitutes a trust fund held for the benefit of the lender and the owner of the loan and the money in such fund shall be disbursed only in accordance with the loan agreement. The current reserve fund requirement is \$890,000. The balance in the reserve fund as of December 31, 2021 totaled \$1,411,920.

2014 Series Loan

On November 18, 2014, the District obtained a senior tax-exempt loan of \$3,500,000. The Series 2014 Loan has a 3.17% fixed rate with interest payable on June 1 and December 1. Principal payments are due annually on December 1 with a balloon maturity on March 28, 2023.

The Series 2014 Loan is secured by and payable on a parity basis with the Series 2018 Loan from pledged revenues consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the specific ownership taxes which is collected as a result of the imposition of the Required Mill Levy, (3) facility fees transferred for Meridian Service (see Note 7 – Intergovernmental Agreements) and (4) any other legally available monies which the District determines to be treated as pledged revenue.

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. LONG-TERM OBLIGATIONS (CONTINUED)**

2018 Series Loan

On April 17, 2018, the District obtained a Tax-Exempt Promissory Note, Series 2018 in the amount of \$24,000,000, the net proceeds of which were transferred to Meridian Service Metropolitan District to pay and reimburse the costs of public improvements and pay issuance and other costs in connection with the Loan for the District. The loan has a fixed-rate of 3.58% continuing through and including the maturity date. Interest is payable on June 1 and December 1. Principal payments are due annually on December 1 with a balloon maturity on April 17, 2030.

The Series 2018 Loan is secured by and payable from pledged revenues consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the specific ownership taxes which is collected as a result of the imposition of the Required Mill Levy, (3) facility fees transferred for Meridian Service (see Note 7 – Intergovernmental Agreements) and (4) any other legally available monies which the District determines to be treated as pledged revenue.

The custodian is required to apply pledged revenues and other collateral in the following order of priority: (1) to the credit of the loan payment fund, (2) to the credit of the reserve fund, (3) to the credit of such fund or account as may be designated by the lender and (4) to the credit of any other fund or account as may be designated by the District. The custodian is to hold and administer the loan payment fund, a trust fund held for the benefit of the owners of the loans, and the money in such fund is to be disbursed only in accordance with the custodial agreement. The balance in the loan payment fund as of December 31, 2021 was \$5,830,193.

The loan has a fixed-rate of 3.58% continuing through and including the maturity date. Interest is payable on June 1 and December 1. Principal payments are due annually on December 1 with a balloon maturity on April 17, 2030.

See independent auditor's report.



**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**4. LONG-TERM OBLIGATIONS (CONTINUED)**

*Events of Default - 2013 Series Loan, 2014 Series Loan, and 2018 Series Loan*

Events of default occur if: (a) the District refuses to impose the required mill levy or to apply the pledged revenue; (b) the District fails to pay the principal of or interest on the loan or any other amount payable to the lender; (c) the District fails to observe or perform any of the covenants, agreements, duties, or conditions in the financing documents; (d) any representation or warranty made by the District proves to have been untrue or incomplete; (e) except for payment of principal or interest on the permitted subordinate debt, default in the payment of principal or interest when due on any financial obligation of the District and continuance of such default beyond any grace period; (f) the pledge of the pledged revenue, collateral, or any other security interest fails to be fully enforceable with the priority required; (g) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$50,000 in aggregate is rendered against the District and the District fails to vacate, bond, stay, contest, pay, or satisfy such judgment or court order for 30 days; (h) a change occurs in the financial or operating conditions of the District that, in the lender's reasonable judgment, will have a materially adverse impact on the ability of the District to generate pledge revenue; (i) the District commences bankruptcy, insolvency, or liquidation; (j) the loan agreement ceases to be valid; (k) the District's auditor delivers a qualified opinion with respect to the District's status as a going concern; (l) any funds or investments on deposit in any of the accounts established under the loan become subject to any writ, judgment, warrant, attachment, execution, or similar process; (m) any determination, decision, or decree is made by the Internal Revenue Service requiring the interest payable on the loan becoming includable in the gross income of the lender pursuant to Section 103(b) of the Internal Revenue Code; (n) the amount of the reserve fund is less than the required reserve for a period of time exceeding 12 months.

*Remedies on occurrence of events of default for the loans*

Upon the occurrence and continuance of an event of default, the lender has the following rights and remedies: (a) exercise any and all remedies available under the custodial agreement; (b) apply all amounts constituting collateral to the loan balance and all interest accrued and unpaid thereon, in any order of priority determined by the lender; (c) proceed by mandamus or any other suit to enforce all rights of the lender; (d) take any other action or exercise any other remedy available under the financing documents, at law or in equity.

The District is required, pursuant to the agreements, to maintain bond and reserve cash accounts. The reserve accounts are required to be maintained as long as the bonds and loans are outstanding.

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. LONG-TERM OBLIGATIONS (CONTINUED)**

The District's long-term obligations will mature as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,520,000	\$ 2,089,560	\$ 3,609,560
2023	4,035,000	2,409,446	6,444,446
2024	1,190,000	2,528,848	3,718,848
2025	1,290,000	2,468,021	3,758,021
2026	1,705,000	2,408,289	4,113,289
2027-2031	27,000,000	9,682,785	36,682,785
2032-2036	9,845,000	5,187,921	15,032,921
2037-2041	9,750,000	2,414,867	12,164,867
2042	2,955,000	164,782	3,119,782
	<b>\$ 59,290,000</b>	<b>\$ 29,354,519</b>	<b>\$ 88,644,519</b>

**5. NET POSITION**

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

Restricted net position includes balances with external restrictions 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 assets as of December 31, 2021 as follows:

Restricted net position	
Emergency reserve (Note 10)	\$ 1,700
Debt service (Note 4)	7,426,736
Total restricted net position	<b>\$ 7,428,436</b>

The District's unrestricted net deficit as of December 31, 2021, totaled \$58,429,400. This deficit amount is primarily a result of the District being responsible for the financing and repayment of bonds issued for public improvements constructed by Meridian Service pursuant to an intergovernmental agreement.

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**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**6. AGREEMENTS**

Pursuant to a facilities fee agreement dated January 18, 2006, entered into between the Districts and GTL Development, Inc. ("Land Owner"), the Land Owner has agreed to guarantee the payment of any shortfall in scheduled collections of facilities fees by the Districts. Any shortfall not paid by the required payment date is subject to reimbursement with simple interest, from the due date, at a rate of 12% per annum. As shortfalls are remedied, any advances from the Land Owner are to be repaid. During 2021, there were no payments received in connection with this agreement.

**7. INTERGOVERNMENTAL AGREEMENTS**

The District entered into an intergovernmental agreement with Meridian Service on July 17, 2001, as amended on March 26, 2013, to set forth rights and obligations of the Districts pursuant to their respective service plans. The Districts agreed that the facilities described in the service plans were needed by the Districts and that such facilities would benefit the residents and property owners in both Districts in terms of cost, quality and level of service. Each of the Districts agreed that Meridian Service would own (subject to potential transfer to other governmental entities or authorities) operate, maintain and construct facilities benefiting both Districts and that the District would contribute to the costs of construction, operation and maintenance of such facilities.

In this regard, the District agreed to issue limited tax general obligation bonds, or if bonds were not issued, the District agreed to pledge its ad valorem tax revenue at the times and in the amounts required to meet its obligations subject to a 50.000 mill cap (2001 equivalency). Bonds were issued and the District paid the proceeds of the bonds to Meridian Service. Any and all bond proceeds received by Meridian Service were to be applied to the payment of public infrastructure costs or were to be utilized to pay all or a portion of Meridian Service's outstanding debt.

To assist in the repayment of the District's debt, Meridian Service is required to transfer revenues collected from facilities fees and user fees to the District (with the exception of Latigo Trails tap fees). During 2021, the District recorded an intergovernmental revenue of \$3,964,500 from Meridian Service to assist in the repayment of debt issued by the District.

The District also agreed to transfer conservation trust fund collections to Meridian Service to be used by Meridian Service for eligible projects.

**8. RELATED PARTIES**

Some of the members of the board of directors are affiliated with or are employees of developers of land within the District. These members may have conflicts of interest in dealing with the District.

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, the District may be 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.

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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**10. TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments within the state of Colorado.

Spending and revenue limits are determined based on the prior 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.

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 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve any and all revenues annually from any revenue sources other than ad valorem taxes of the District with regard to any limitations under TABOR.

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 and qualifications as an enterprise will require judicial interpretation.

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See independent auditor's report.

## **SUPPLEMENTARY INFORMATION**

**MERIDIAN RANCH METROPOLITAN DISTRICT  
 CONSERVATION TRUST FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Original</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>REVENUES</u></b>			
Conservation trust funds	\$ 35,000	\$ 51,017	\$ 16,017
Total revenues	35,000	51,017	16,017
Excess of revenues over (under) expenditures	35,000	51,017	16,017
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Intergovernmental expenses - Meridian Service Metro District	(35,000)	(51,017)	(16,017)
Total other financing sources (uses)	(35,000)	(51,017)	(16,017)
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

See independent auditor's report.

**MERIDIAN RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	<b>Budget Original and Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>REVENUES</u></b>			
Property taxes	\$ 1,728,777	\$ 1,728,555	\$ (222)
Specific ownership taxes	154,589	203,022	48,433
Investment income	10,000	2,009	(7,991)
<b>Total revenues</b>	<b>1,893,366</b>	<b>1,933,586</b>	<b>40,220</b>
<b><u>EXPENDITURES</u></b>			
County Treasurer fees	25,932	25,945	(13)
Miscellaneous	1,000	511	489
Debt service:			
Interest	2,134,237	2,134,237	-
Paying agent fees	1,000	200	800
Principal	1,395,000	1,395,000	-
<b>Total expenditures</b>	<b>3,557,169</b>	<b>3,555,893</b>	<b>1,276</b>
Excess of revenues over (under) expenditures	(1,663,803)	(1,622,307)	41,496
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Intergovernmental revenues - Meridian Service Metro District	3,600,000	3,964,500	364,500
Intergovernmental expenses - Meridian Service Metro District	(750,000)	-	750,000
Transfer from (to) other funds	-	232	232
<b>Total other financing sources (uses)</b>	<b>2,850,000</b>	<b>3,964,732</b>	<b>1,114,732</b>
<b>Net change in fund balance</b>	<b>\$ 1,186,197</b>	<b>2,342,425</b>	<b>\$ 1,156,228</b>
Fund balance, beginning of year		5,242,711	
Fund balance, end of year		<b>\$ 7,585,136</b>	

See independent auditor's report