

**BASELINE METROPOLITAN  
DISTRICT NO. 1**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2021**

TABLE OF CONTENTS

**PAGE**

**INTRODUCTORY SECTION**

Title Page

Table of Contents

**FINANCIAL SECTION**

Independent Auditors' Report

**Basic Financial Statements**

Government–Wide Financial Statements

Statement of Net Position 1

Statement of Activities 2

Fund Financial Statements

Balance Sheet – Governmental Funds 3

Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds 4

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances – Governmental Funds to the Statement of Activities 5

Notes to the Financial Statements 6 – 20

**Required Supplemental Information**

General Fund – Budgetary Comparison Schedule 21

**Individual Fund Schedules**

Capital Projects Fund – Budgetary Comparison Schedule 22

Debt Service Fund – Budgetary Comparison Schedule 23

## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

Board of Directors  
Baseline Metropolitan District No. 1  
Broomfield, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

##### *Opinions*

We have audited the financial statements of the governmental activities and each major fund, of the Baseline Metropolitan District No. 1 (the "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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Baseline Metropolitan District No. 1 as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Baseline Metropolitan District No. 1 and to meet our 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 the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

##### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the required budgetary information on page 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented 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 is not affected by this missing information.

### ***Supplementary and Other 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 individual fund financial schedules and supplemental information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information and other information have 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 and other information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*John Luthr & Associates, LLC*

July 12, 2022

## **BASIC FINANCIAL STATEMENTS**

BASELINE METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION  
As of December 31, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,222,357
Restricted Cash and Investments	34,808,767
Accounts Receivable	1,125,885
Escrow Deposits	9,237,729
Prepaid Expenses	23,940
Capital Assets, not depreciated	48,552,081
Capital Assets, depreciated, net of accumulated depreciation	<u>1,392,973</u>
<b>TOTAL ASSETS</b>	<u>96,363,732</u>
<b>LIABILITIES</b>	
Accounts Payable	3,519,291
Retainage Payable	1,326,066
Accrued Interest	234,028
Noncurrent Liabilities	
Due within One Year	14,111,249
Due in More Than One Year	<u>92,520,233</u>
<b>TOTAL LIABILITIES</b>	<u>111,710,867</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(56,686,428)
Restricted for Emergencies	21,825
Unrestricted	<u>41,317,468</u>
<b>TOTAL NET POSITION</b>	<u>\$ (15,347,135)</u>

See the accompanying independent auditors' report.

BASELINE METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
<b>PRIMARY GOVERNMENT</b>			
<b>Governmental Activities</b>			
General Government	\$ 2,094,922	\$ 43,957	\$ (2,050,965)
Interest on Long-Term Debt	3,857,853	-	(3,857,853)
	<u>\$ 5,952,775</u>	<u>\$ 43,957</u>	<u>(5,908,818)</u>
<b>GENERAL REVENUES</b>			
Taxes			4,557,923
Interest			<u>1,724,666</u>
			<b>TOTAL GENERAL REVENUES</b> <u>6,282,589</u>
			CHANGE IN NET POSITION 373,771
			NET POSITION, Beginning <u>(15,720,906)</u>
			NET POSITION, Ending <u>\$ (15,347,135)</u>

See the accompanying independent auditors' report.

BASELINE METROPOLITAN DISTRICT NO. 1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2021

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
<b>ASSETS</b>				
Cash and Investments	\$ 1,222,357	\$ -	\$ -	\$ 1,222,357
Restricted Cash and Investments	-	25,551,638	9,257,129	34,808,767
Accounts Receivable	-	986,862	139,023	1,125,885
Escrow Deposits	-	9,237,729	-	9,237,729
Prepaid Expenses	23,940	-	-	23,940
<b>TOTAL ASSETS</b>	<b>\$ 1,246,297</b>	<b>\$ 35,776,229</b>	<b>\$ 9,396,152</b>	<b>\$ 46,418,678</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 93,254	\$ 3,426,037	\$ -	\$ 3,519,291
Retainage Payable	-	1,326,066	-	1,326,066
<b>TOTAL LIABILITIES</b>	<b>93,254</b>	<b>4,752,103</b>	<b>-</b>	<b>4,845,357</b>
<b>FUND EQUITY</b>				
Fund Balance				
Nonspendable	23,940	9,237,729	-	9,261,669
Restricted for Capital Projects	-	21,786,397	-	21,786,397
Restricted for Debt Service	-	-	9,396,152	9,396,152
Restricted for Emergencies	21,825	-	-	21,825
Unassigned	1,107,278	-	-	1,107,278
<b>TOTAL FUND EQUITY</b>	<b>1,153,043</b>	<b>31,024,126</b>	<b>9,396,152</b>	<b>41,573,321</b>
<b>TOTAL LIABILITIES FUND EQUITY</b>	<b>\$ 1,246,297</b>	<b>\$ 35,776,229</b>	<b>\$ 9,396,152</b>	

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

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 49,945,054

Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include bonds payable (\$91,815,000), bond discount \$227,847, bond premium of (\$933,080), developer advances (\$14,111,249), and accrued interest payable (\$234,028). (106,865,510)

Net Position of governmental activities \$ (15,347,135)

See the accompanying independent auditors' report.

BASELINE METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2021

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
<b>REVENUES</b>				
Service Fees	\$ -	\$ -	\$ 43,957	\$ 43,957
TIF Revenues	400,000	472,548	3,359,829	4,232,377
SEF Revenues	151,600	-	-	151,600
Use Fee Revenues	173,946	-	-	173,946
Interest and Other	1,968	1,719,068	3,630	1,724,666
<b>TOTAL REVENUES</b>	<b>727,514</b>	<b>2,191,616</b>	<b>3,407,416</b>	<b>6,326,546</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	512,759	1,185,690	6,533	1,704,982
Debt Service				
Principal	-	2,855,489	-	2,855,489
Interest	-	-	3,948,174	3,948,174
Capital Outlay	-	17,973,941	-	17,973,941
<b>TOTAL EXPENDITURES</b>	<b>512,759</b>	<b>22,015,120</b>	<b>3,954,707</b>	<b>26,482,586</b>
<b>EXCESS OF REVENUES (UNDER) EXPENSES</b>	<b>214,755</b>	<b>(19,823,504)</b>	<b>(547,291)</b>	<b>(20,156,040)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Repayment of Developer Advances	-	-	-	-
Proceeds from Issuance of Bonds	-	27,670,254	-	27,670,254
Bond Premium (Discount)	-	12,961,094	-	12,961,094
Proceeds from Developer Advances	-	(2,859,983)	2,859,983	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>37,771,365</b>	<b>2,859,983</b>	<b>40,631,348</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>214,755</b>	<b>17,947,861</b>	<b>2,312,692</b>	<b>20,475,308</b>
<b>FUND BALANCES, Beginning</b>	<b>938,288</b>	<b>13,076,265</b>	<b>7,083,460</b>	<b>21,098,013</b>
<b>FUND BALANCES, Ending</b>	<b>\$ 1,153,043</b>	<b>\$ 31,024,126</b>	<b>\$ 9,396,152</b>	<b>\$ 41,573,321</b>

See the accompanying independent auditors' report.

BASELINE METROPOLITAN DISTRICT NO. 1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 20,475,308
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount includes capital outlay \$17,965,618 and depreciation expense (\$56,723).	17,908,895
Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not effect the statement of activities.	(40,599,173)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount includes principal payment on developer debt (\$2,506,860), change in accrued interest payable (\$90,321), and amortization of bond discount of \$8,440.	<u>2,588,741</u>
Change in Net Position of Governmental Activities	<u><u>\$ 373,771</u></u>

See the accompanying independent auditors' report.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Baseline Metropolitan District No. 1 (the “District”) was formed to provide construction, installation, financing and operation of public improvements. Specifically, the activities include providing streets, traffic and safety control, water and sanitation and other services in order to benefit the public. The District is governed by a five-member Board of Directors (“Board”) elected by the constituents. In prior years the District was known as North Park Metropolitan District No. 1. The name was changed in 2019.

The accounting policies of the District conform to generally accepted accounting principles (“GAAP”) as applicable to governments. The following is a summary of the more significant policies:

**Reporting Entity**

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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*.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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 fiscal period.

Service fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, 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 District, except those required to be accounted for in another fund.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The *Capital Projects Fund* accounts for the construction of public infrastructure and other capital improvements within the District.

The *Debt Service Fund* accounts for the District's Debt activities.

**Cash and Investments**

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

**Prepaid Expenses**

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services were consumed.

**Capital Assets**

Capital assets, which include property and equipment, 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 and an estimated useful life in excess of one year. 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 assets' lives are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the estimated useful lives between fifteen and thirty years.

**Long-Term Obligations**

In the Government-Wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position.

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.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Property Taxes**

Property taxes are levied on December 15 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Assessed property taxes are first submitted to Baseline Metropolitan District Nos 2, 3 and 4, 5,6,7, 8 and 9 are subsequently forwarded to the District as payment for administrative and other services.

**Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

*Net Investment in Capital Assets* includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position* includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

*Unrestricted Net Position* typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

**Net Position/Fund Balance Classification**

In the Government-Wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

The Governmental Fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the Governmental Fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District has classified prepaid expenses and deposits as nonspendable as of December 31, 2021.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Net Position/Fund Balance Classification** (Continued)

- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The fund balance in the capital projects fund is restricted for construction of capital projects and the fund balance of the debt service fund is restricted to pay debt service.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2021.
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15th, District Management submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board.
- Budgets are legally adopted for all funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

**NOTE 3: CASH AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2021 follows:

Deposits	\$ 3,453,237
Investments	<u>32,577,887</u>
Total	<b><u>\$ 36,031,124</u></b>

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Deposits** (Continued)

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2021, the District had deposits with financial institutions with a carrying amount of \$3,453,237 and bank balance of \$3,453,237. Of these balances, \$250,000 was covered by federal depository insurance and \$3,203,237 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Investments** (Continued)

Local Government Investment Pools

The District had invested \$32,577,887 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2021, is summarized below:

	<u>Balances</u> <u>12/31/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/20</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Construction in Progress	\$ 30,586,463	\$ 17,965,618	\$ -	\$ 48,552,081
Capital Assets, depreciated				
Landscaping	781,790	-	-	781,790
Infrastructure	710,240	-	-	710,240
Sewer	<u>153,933</u>	<u>-</u>	<u>-</u>	<u>153,933</u>
Total Capital Assets, depreciated	<u>1,645,963</u>	<u>-</u>	<u>-</u>	<u>1,645,963</u>
Accumulated Depreciation				
Landscaping	115,755	31,271	-	147,026
Infrastructure	66,585	17,756	-	84,341
Sewer	<u>13,927</u>	<u>7,696</u>	<u>-</u>	<u>21,623</u>
Total Accumulated Depreciation	<u>196,267</u>	<u>56,723</u>	<u>-</u>	<u>252,990</u>
Net Capital Assets, Depreciated	<u>1,449,696</u>	<u>(56,723)</u>	<u>-</u>	<u>1,392,973</u>
Governmental Activities,				
Capital Assets, Net	<u>\$ 32,036,159</u>	<u>\$ 17,908,895</u>	<u>\$ -</u>	<u>\$ 49,945,054</u>

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 4: CAPITAL ASSETS** (Continued)

Depreciation expense is charged to the general government program.

**NOTE 5: LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2021.

	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/21</u>	<u>Due In</u> <u>One Year</u>
Developer Advances					
- Capital	\$ 3,657,017	12,961,093	2,506,860	14,111,249	14,111,249
Special Revenue Bonds, Series 2019A-1	18,000,000	-	-	18,000,000	-
Special Revenue Bonds, Series 2019A-2	47,110,000	-	-	47,110,000	-
Bond Discount	(236,287)		(8,440)	(227,847)	
Special Revenue Bonds, Series 2021A	-	13,555,000	-	13,555,000	-
Special Revenue Bonds, Series 2021B	-	13,150,000	-	13,150,000	-
Bond Premium	-	<u>933,080</u>	-	<u>933,080</u>	
<b>Total</b>	<b><u>\$ 68,530,729</u></b>	<b><u>\$ 40,599,173</u></b>	<b><u>\$ 2,498,420</u></b>	<b><u>\$ 106,631,482</u></b>	<b><u>\$ 3,657,017</u></b>

**Developer Advances – Capital**

On May 5, 2012, the District and MCLI entered into a 2012 Advance and Reimbursement Agreement to provide financing for the construction of public infrastructure within and without the District's boundaries for public infrastructure that is not financed by the Second North PUD Amended and Restated Managed Growth and Development Agreement. MCLI will advance funds in an amount not to exceed \$500,000. The District issued a note to MCLI to evidence the District's repayment obligation. The note does not bear interest and matures on May 4, 2052. As of December 31, 2021, the District did not owe MCLI any amount pursuant to the Note.

On November 13, 2019 the District and Nash Anthem, LLC entered into an Improvement Acquisition and Reimbursement Agreement pursuant to which the District agreed to reimburse Nash Anthem for its costs associated with public improvements constructed in amount not to exceed \$42,000 upon the submission of a purchase application. As of December 31, 2021 no purchase applications has been submitted and the District did not owe any amounts pursuant to this Agreement.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 5: LONG-TERM DEBT** (Continued)

**Developer Advances – Capital** (Continued)

On November 5, 2020, the District entered into a Public Improvement Advance and Reimbursement Agreement (“NPD Agreement”) with NP Development, Inc. (“NPD”) to provide for the financing and repayment of costs associated with the District’s construction of public infrastructure within and without the District’s boundaries through December 31, 2021, or for the acquisition of public improvements by the District from NPD. To evidence the District’s reimbursement obligation to NPD, the District issued a subordinate promissory note to NPD in an amount not to exceed \$22,000,000, at an interest rate of 2% Plus Prime or 6%, whatever is greater, simple interest, with a maturity date of December 31, 2021. If the District lacks sufficient funds to repay the note on the date of maturity, the District will refund the note and issue a new subordinate promissory note to NPD on the same terms, with a maturity date of December 31, 2022.

As of December 31, 2021, the District owed \$14,111,249 in principal and accrued interest on the Note.

On November 5, 2020, the District and NP Distribution A, LLC (“NPDA”), entered into an Improvement Acquisition and Reimbursement Agreement (“NPDA Agreement”) pursuant to which the District agreed to reimburse NPDA for its costs associated with public improvements constructed in an amount not to exceed \$130,000 (which amount was increased to \$180,000 on February 4, 2021 via First Amendment to the NPDA Agreement) upon the submission of a purchase application. If the District lacked sufficient funds to pay for NPDA upon the submission of a purchase application by NPDA and accepted by the District, the District agreed to issue a subordinate promissory note to NPDA. As of December 31, 2021, no purchase application has been submitted to the District and no note has been issued by the District.

On February 4, 2021, the District and MCLI entered into a Loan Agreement pursuant to which MCLI agreed to make a loan available to the District in an amount not to exceed \$5,000,000 through December 31, 2022. The District issued a subordinated promissory note to MCLI in an amount not to exceed \$5,000,000 with simple interest of two percent plus the Federal prime rate or six percent whichever is greater. All loans have been repaid as on December 31, 2021.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 5: LONG-TERM DEBT** (Continued)

**Special Revenue Bonds** (Continued)

On October 23, 2018 the District issued Special Revenue Bonds, Series 2018A-1 and 2018A-2 in the amounts of \$18,000,000 and \$47,110,000, respectively. The 2018A-1 and 2018A-2 Bonds are secured and payable solely from the senior pledged revenue and subordinated pledged revenue, as applicable. These revenues consist of monies derived by the District from property tax collections, specific ownership tax collections, and any other legally available funds which the District determines at its discretion, to credit to the bonds.

The 2018A-1 Bonds carry an interest rate of 5.375% and the 2018A-2 Bonds carry an interest rate of 5.125%. Interest payments on the bonds are due semi-annually on June 1 and December 1. Principal payments on the Bonds are due annually on December 1 beginning on December 1, 2023.

On June 9, 2021 the District issued Special Revenue Bonds, Series 2021A and 2021B in the amounts of \$13,555,000 and \$13,150,000, respectively. The 2021A and 2021B Bonds are secured and payable solely from the senior pledged revenue and subordinated pledged revenue, as applicable. These revenues consist of monies derived by the District from property tax collections, specific ownership tax collections, and any other legally available funds which the District determines at its discretion, to credit to the bonds.

The 2021A Bonds carry an interest rate of 5.00% and the 2021B Bonds carry an interest rate of 7.50%. Interest payments on the 2021A Bonds are due semi-annually on June 1 and December 1. Principal payments on the 2021A Bonds are due annually on December 1 beginning on December 1, 2023. These bonds mature in December 2051. Interest payments on the 2021B Bonds are due annually on December 15. No regularly scheduled principal payments are due on the 2021B Bonds.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 5: LONG-TERM DEBT** (Continued)

**Special Revenue Bonds** (Continued)

Estimated annual debt service requirements for the outstanding bonds at December 31, 2021 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 4,291,644	\$- 4,291,644
2023	645,000	4,291,644	4,936,644
2024	1,040,000	4,258,175	4,258,894
2025	1,620,000	4,204,187	4,620,425
2026	2,065,000	4,120,075	5,146,437
2027-2031	19,165,000	29,412,954	
2032-2036	23,125,000	19,310,142	
2037-2041	10,614,000	11,834,998	
2042-2046	15,001,000	7,854,840	
2047-2051	<u>18,540,000</u>	<u>2,901,284</u>	<u>100,112,915</u>
<b>Total</b>	<b><u>\$ 91,815,000</u></b>	<b><u>\$92,479,943</u></b>	<b><u>\$ 121,366,459</u></b>

**NOTE 6: RELATED PARTIES**

All of the members of the Board of Directors are employees at McWhinney Real Estate Services, Inc., which is manager of MCLI, NPD and NPDA. Board Members may also be investors or otherwise affiliated with MCLI, NPD and/or NPDA. The District owes the Developers \$14,111,249 in note principal as of December 31, 2021.

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

**Managed Growth and Development Agreement (“MGDA”)**

As of December 31, 2020, the District was a party to the Second North PUD Amended and Restated Managed Growth and Development Agreement (“MGDA”), dated September 27, 2011, as subsequently amended on September 25, 2012, and on September 25, 2019, entered into with Baseline Metropolitan District No. 2 (“District No. 2”), Baseline Metropolitan District No. 3 (“District No. 3”), Baseline Metropolitan District No. 4 (“District No. 4”) the City and County of Broomfield (“City”), The Broomfield Urban Renewal Authority (“BURA”), MCLI, and McWhinney Real Estate Services, Inc. for the purpose of providing terms and conditions for the construction and financing of certain public improvements by the District, the City, the BURA and MCLI within the boundaries of District No. 2 and District No. 3 and District No. 4.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 7: COMMITMENTS AND CONTINGENCIES** (Continued)

**Managed Growth and Development Agreement (“MGDA”)** (Continued)

Under the terms of the agreement, the City and BURA are obligated to forward pledged revenues from a portion of property, sales and lodging tax collected as well as public improvement fee revenues to the District to fund certain eligible public improvements. The maximum reimbursement obligation for all eligible public improvements (excluding public parking) shall not exceed \$208,530,271 and \$508,610,417 for all bond requirements and structured parking.

During the year ended December 31, 2021, the District received a total amount of \$4,557,923 from the City, representing pledged revenues collected by the City for fiscal years 2012 through 2021. On April 13, 2021, the parties to the MGDA together with Baseline Metropolitan Districts No’s 5-9 entered into a Third North PUD Amended and Restated Managed Growth and Development Agreement which replaced the MGDA in its entirety.

**TABOR Amendment**

Colorado voters passed the TABOR Amendment (“Amendment”) to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an Emergency Reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2021, the emergency reserve of \$159,000 was recorded as a restriction of fund balance in the General Fund.

**NOTE 8: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool (the “Pool”). The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the Pool. The District funds its Pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund. Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 9: DEBT AUTHORIZATION**

On November 3, 2020, a majority of the qualified electors of the District authorized the issuance of additional general obligation indebtedness as follows:

- An amount not to exceed \$650,000,000 at an interest rate not to exceed 15% per annum, for the cost of constructing street improvements; and
- An amount not to exceed \$100,000,000 at an interest rate not to exceed 15% per annum, for the cost of constructing parks and recreation facilities; and
- An amount not to exceed \$75,000,000 at an interest rate not to exceed 15% per annum, for the cost of constructing a water and distribution system.
- An amount not to exceed \$75,000,000 at an interest rate not to exceed 15% per annum, for the cost of constructing a sanitation and storm sewer system; and
- An amount not to exceed \$450,000,000 at an interest rate not to exceed 15% per annum, for the cost of constructing transportation facilities and equipment; and
- An amount not to exceed \$1,000,000 at an interest rate not to exceed 15% per annum, for mosquito control purposes; and
- An amount not to exceed \$20,000,000 at an interest rate not to exceed 15% per annum, for traffic and safety purposes; and
- An amount not to exceed \$2,000,000 at an interest rate not to exceed 15% per annum, for television relay and translation purposes; and
- An amount not to exceed \$5,000,000 at an interest rate not to exceed 15% per annum, for fire protection purposes; and
- An amount not to exceed \$10,000,000 at an interest rate not to exceed 15% per annum, for security purposes; and
- An amount not to exceed \$150,000,000 at an interest rate not to exceed 15% per annum, for operations and maintenance purposes; and
- An amount not to exceed \$1,100,000,000 at an interest rate not to exceed 15% per annum, for the cost of refunding bonds; and
- An amount not to exceed \$794,000,000 at an interest rate not to exceed 15% per annum, for the cost of intergovernmental agreements; and

BASELINE METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**NOTE 9: DEBT AUTHORIZATION**(Continued)

- An amount not to exceed \$794,000,000 at an interest rate not to exceed 15% per annum, for reimbursement agreement purposes.
- An amount not to exceed \$35,000,000 at an interest rate not to exceed 15% per annum, for the cost of construction management; and
- An amount not to exceed \$10,000,000 at an interest rate not to exceed 15% per annum, to issue mortgages.

The District's Service Plan includes a total debt authorization limit of \$794,000,000 for Baseline Metropolitan Districts No's 1-9.

As of December 31, 2021, the amount of debt authorized but unissued was \$458,185,000. The District intends to issue over time a part or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**NOTE 10: DEFICIT NET POSITION**

As of December 31, 2021, the District had a government-wide deficit in net position of \$15,347,135. This deficit was created as the District used loan proceeds from the Developer to construct capital assets that were later transferred to the City and County of Broomfield.

**NOTE 11: SUBSEQUENT EVENTS**

Potential subsequent events were considered through July 12, 2022. It was determined that no events are required to be disclosed through this date.

**REQUIRED SUPPLEMENTAL INFORMATION**

BASELINE METROPOLITAN DISTRICT NO. 1

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>			
Interest	\$ 2,081	\$ 1,968	\$ (113)
TIF Revenues	400,000	400,000	-
SEF Revenues	233,000	151,600	(81,400)
Use Fee Revenues	173,946	173,946	-
Other Revenues	24,000	-	(24,000)
<b>TOTAL REVENUES</b>	<b>833,027</b>	<b>727,514</b>	<b>(105,513)</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
<b>General Government</b>			
Accounting and Administration	77,500	75,700	1,800
District Management	130,080	130,080	-
Insurance	25,541	22,904	2,637
Ground Maintenance	63,091	74,957	(11,866)
Utilities	20,000	26,654	(6,654)
Legal Expenses	175,000	116,842	58,158
Office, Dues and Other	196,570	43,662	152,908
Formation and Organization	50,000	21,960	28,040
Contingency	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	<b>837,782</b>	<b>512,759</b>	<b>325,023</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,755)</b>	<b>214,755</b>	<b>219,510</b>
FUND BALANCE, Beginning	693,546	938,288	244,742
FUND BALANCE, Ending	<u>\$ 688,791</u>	<u>\$ 1,153,043</u>	<u>\$ 464,252</u>

See the accompanying independent auditors' report.

**INDIVIDUAL FUND SCHEDULES**

BASELINE METROPOLITAN DISTRICT NO. 1

CAPITAL PROJECTS FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Capital Reimbursements	\$ 1,700,000	\$ 1,713,472	\$ 1,713,472	\$ -
TIF Revenues	2,397,868	2,397,868	472,548	(1,925,320)
Interest	44,000	44,000	5,596	(38,404)
<b>TOTAL REVENUES</b>	<b>4,141,868</b>	<b>4,155,340</b>	<b>2,191,616</b>	<b>(1,963,724)</b>
<b>EXPENDITURES</b>				
Current				
Project Management	50,000	50,000	45,370	4,630
Engineering and Surveying	140,000	240,000	121,994	118,006
Direct Project Costs	28,467,542	45,900,359	17,973,941	27,926,418
Bond Issue Costs	-	1,054,483	1,018,326	36,157
Debt Service				
Principal	-	2,321,978	2,855,489	(533,511)
Interest	-	-	-	-
Contingency	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>28,657,542</b>	<b>49,566,820</b>	<b>22,015,120</b>	<b>27,551,700</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(24,515,674)</b>	<b>(45,411,480)</b>	<b>(19,823,504)</b>	<b>25,587,976</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Issuance of Bonds	20,213,597	23,755,789	27,670,254	3,914,465
Proceeds from Developer Advances	-	20,213,597	12,961,094	-
Transfer Out	-	(2,859,983)	(2,859,983)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>20,213,597</b>	<b>41,109,403</b>	<b>37,771,365</b>	<b>3,914,465</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,302,077)</b>	<b>(4,302,077)</b>	<b>17,947,861</b>	<b>29,502,441</b>
FUND BALANCE, Beginning	4,302,077	4,302,077	13,076,265	8,774,188
FUND BALANCE, Ending	\$ -	\$ -	\$ 31,024,126	\$ 38,276,629

See the accompanying independent auditors' report.

BASELINE METROPOLITAN DISTRICT NO. 1

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Interest	\$ 21,000	\$ 5,000	\$ 3,630	\$ (1,370)
TIF Revenues	3,409,011	3,588,167	3,359,829	(228,338)
Service Fees	109,287	42,806	43,957	1,151
TOTAL REVENUES	<u>3,539,298</u>	<u>3,635,973</u>	<u>3,407,416</u>	<u>(228,557)</u>
EXPENDITURES				
Current				
General Government	6,500	6,500	6,533	(33)
Bond Interest	3,613,894	3,937,708	3,948,174	(10,466)
Bond Principal	-	388,393	-	388,393
Contingency	-	-	-	-
TOTAL EXPENDITURES	<u>3,620,394</u>	<u>4,332,601</u>	<u>3,954,707</u>	<u>377,894</u>
EXCESS OF REVENUES OVER UNDER EXPENDITURES	<u>(81,096)</u>	<u>(696,628)</u>	<u>(547,291)</u>	<u>149,337</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	2,859,983	2,859,983	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>2,859,983</u>	<u>2,859,983</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(81,096)	2,163,355	2,312,692	149,337
FUND BALANCE, Beginning	<u>6,990,516</u>	<u>7,083,460</u>	<u>7,083,460</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 6,909,420</u>	<u>\$ 9,246,815</u>	<u>\$ 9,396,152</u>	<u>\$ 149,337</u>

See the accompanying independent auditors' report.