

**MERIDIAN METROPOLITAN DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2018

**MERIDIAN METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meridian Metropolitan District
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Meridian Metropolitan District (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Meridian Metropolitan District, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, 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.

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Fiscal Focus Partners, LLC

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
July 31, 2019

BASIC FINANCIAL STATEMENTS

**MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 22,119,470	\$ 8,460,906	\$ 30,580,376
Cash and Investments - Restricted	1,567,348	-	1,567,348
Receivable - County Treasurer	95,370	-	95,370
Accounts Receivable	4,039	433,417	437,456
Prepaid Expense	1,714	1,714	3,428
Due from Other Governments	371,623	-	371,623
Property Taxes Receivable	9,954,321	-	9,954,321
Capital Assets, Not Being Depreciated	4,259,518	-	4,259,518
Capital Assets, Net	<u>4,426,034</u>	<u>23,700,315</u>	<u>28,126,349</u>
Total Assets	42,799,437	32,596,352	75,395,789
DEFERRED OUTFLOWS OF RESOURCES			
Cost of Refunding, Net	<u>735,153</u>	-	<u>735,153</u>
Total Deferred Outflows of Resources	735,153	-	735,153
LIABILITIES			
Accounts Payable	348,869	812,798	1,161,667
Due to Other Governments	18,000	-	18,000
Deposits	-	125,250	125,250
Accrued Interest Payable	302,402	-	302,402
Noncurrent Liabilities:			
Due Within One Year	1,640,000	-	1,640,000
Due in More Than One Year	<u>76,950,326</u>	<u>-</u>	<u>76,950,326</u>
Total Liabilities	79,259,597	938,048	80,197,645
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	<u>9,954,321</u>	-	<u>9,954,321</u>
Total Deferred Inflows of Resources	9,954,321	-	9,954,321
NET POSITION			
Net Investment in Capital Assets	-	23,700,315	23,700,315
Restricted for:			
Emergency Reserve	156,000	-	156,000
Debt Service	1,160,888	-	1,160,888
Unrestricted	<u>(46,996,216)</u>	<u>7,957,989</u>	<u>(39,038,227)</u>
Total Net Position	<u>\$ (45,679,328)</u>	<u>\$ 31,658,304</u>	<u>\$ (14,021,024)</u>

See accompanying Notes to Basic Financial Statements.

**MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 972,708	\$ 30,568	\$ 177,096	\$ 42,372	\$ (722,672)	\$ -	\$ (722,672)
Parks and Open Space Maintenance	2,526,190	-	-	-	(2,526,190)	-	(2,526,190)
Interest on Long-Term Debt and Related Costs	3,895,521	-	-	-	(3,895,521)	-	(3,895,521)
Total Governmental Activities	<u>\$ 7,394,419</u>	<u>\$ 30,568</u>	<u>\$ 177,096</u>	<u>\$ 42,372</u>	(7,144,383)	-	(7,144,383)
Business-Type Activities:							
Water/Sewer Facilities	\$ 5,886,832	\$ 6,105,260	\$ -	\$ -	-	218,428	218,428
Total Business-Type Activities	<u>\$ 5,886,832</u>	<u>\$ 6,105,260</u>	<u>\$ -</u>	<u>\$ -</u>	-	218,428	218,428
GENERAL REVENUES							
Property Taxes					10,007,152	-	10,007,152
Specific Ownership Taxes					1,065,198	-	1,065,198
Net Investment Income					544,243	160,882	705,125
Other Revenues					69,857	13,448	83,305
Transfers					(150,000)	150,000	-
Total General Revenues and Transfers					<u>11,536,450</u>	<u>324,330</u>	<u>11,860,780</u>
CHANGES IN NET POSITION					4,392,067	542,758	4,934,825
Net Position - Beginning of Year					(50,071,395)	31,115,546	(18,955,849)
NET POSITION - END OF YEAR					<u>\$ (45,679,328)</u>	<u>\$ 31,658,304</u>	<u>\$ (14,021,024)</u>

See accompanying Notes to Basic Financial Statements.

**MERIDIAN METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 510,627	\$ -	\$ 21,608,843	\$ 22,119,470
Cash and Investments - Restricted	156,000	1,411,348	-	1,567,348
Receivable - County Treasurer	43,327	52,043	-	95,370
Accounts Receivable	4,039	-	-	4,039
Due from North Meridian	2,028	1,804	11,088	14,920
Due from South Meridian	322,359	3,300	31,044	356,703
Prepaid Expense	1,714	-	-	1,714
Property Taxes Receivable	4,603,420	5,350,901	-	9,954,321
	\$ 5,643,514	\$ 6,819,396	\$ 21,650,975	\$ 34,113,885
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 229,106	\$ 5,205	\$ 114,558	\$ 348,869
Due to North Meridian	9,000	-	9,000	18,000
Total Liabilities	238,106	5,205	123,558	366,869
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	4,603,420	5,350,901	-	9,954,321
Total Deferred Inflows of Resources	4,603,420	5,350,901	-	9,954,321
FUND BALANCES				
Nonspendable:				
Prepaid Expense	1,714	-	-	1,714
Restricted for:				
Emergency Reserves	156,000	-	-	156,000
Debt Service	-	1,463,290	-	1,463,290
Assigned to:				
Subsequent Year's Expenditures	50,141	-	-	50,141
Capital Projects	-	-	21,527,417	21,527,417
Unassigned	594,133	-	-	594,133
Total Fund Balances	801,988	1,463,290	21,527,417	23,792,695
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,643,514	\$ 6,819,396	\$ 21,650,975	
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.				8,685,552
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
Cost of Refunding, Net				735,153
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Accrued Bond Interest Payable				(302,402)
Bonds Payable, Net of Discount and Premium				(78,590,326)
Net Position of Governmental Activities				\$ (45,679,328)

See accompanying Notes to Basic Financial Statements.

**MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 4,628,029	\$ 5,379,123	\$ -	\$ 10,007,152
Specific Ownership Taxes	486,479	578,719	-	1,065,198
Intergovernmental	177,096	-	-	177,096
Building Lease	30,568	-	-	30,568
Miscellaneous Income	8,272	-	-	8,272
In-Lieu Tax Fees	117	350	-	467
Net Investment Income	23,574	30,364	490,305	544,243
Reimbursed Expenditures	13,052	-	42,372	55,424
Other Income	-	-	48,066	48,066
Total Revenues	<u>5,367,187</u>	<u>5,988,556</u>	<u>580,743</u>	<u>11,936,486</u>
EXPENDITURES				
Accounting	34,555	-	-	34,555
Audit	8,225	-	-	8,225
Board Support	13,392	-	-	13,392
Community Events	31,822	-	-	31,822
Consulting	12,000	-	-	12,000
Contract Services	171,181	-	-	171,181
Contingency	2,337	-	-	2,337
Dues and Subscriptions	24,325	-	-	24,325
Electric and Gas	45,681	-	-	45,681
Engineering	32,125	-	-	32,125
Global Information Services	39,900	-	-	39,900
Insurance	43,106	-	-	43,106
Irrigation (SMMD)	34,700	-	-	34,700
Legal	38,653	-	-	38,653
Materials	114,022	-	-	114,022
Office Overhead	34,137	-	-	34,137
Maintenance	2,128,481	-	-	2,128,481
Payroll Tax	344	-	-	344
Support Management	-	-	69,755	69,755
County Treasurer's Fees	69,592	80,868	-	150,460
Debt Service	-	5,295,248	-	5,295,248
Capital Expenditures	-	-	1,893,545	1,893,545
Total Expenditures	<u>2,878,578</u>	<u>5,376,116</u>	<u>1,963,300</u>	<u>10,217,994</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,488,609	612,440	(1,382,557)	1,718,492
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(2,250,000)	-	2,100,000	(150,000)
Total Other Financing Sources (Uses)	<u>(2,250,000)</u>	<u>-</u>	<u>2,100,000</u>	<u>(150,000)</u>
NET CHANGE IN FUND BALANCES	238,609	612,440	717,443	1,568,492
Fund Balances - Beginning of Year	<u>563,379</u>	<u>850,850</u>	<u>20,809,974</u>	<u>22,224,203</u>
FUND BALANCES - END OF YEAR	<u>\$ 801,988</u>	<u>\$ 1,463,290</u>	<u>\$ 21,527,417</u>	<u>\$ 23,792,695</u>

See accompanying Notes to Basic Financial Statements.

**MERIDIAN METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ 1,568,492

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, net of depreciation and dedication of capital assets to other governments, in the current period.

Capital outlay	1,500,975
Depreciation expense	(157,995)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Principal - Current Year	1,590,000
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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.

Accrued Bond Interest Payable - Change in Liability	6,277
Amortization of Bond Discount	(44,502)
Amortization of Bond Premium	29,705
Amortization of Cost of Bond Refunding	(100,885)
	(108,405)

Changes in Net Position of Governmental Activities	\$ 4,392,067
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**MERIDIAN METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 4,660,206	\$ 4,628,029	\$ (32,177)
Specific Ownership Taxes	419,420	486,479	67,059
Intergovernmental (SMMD)	173,942	177,040	3,098
Intergovernmental (NMMD)	1,069	56	(1,013)
In-Lieu Tax Fees	113	117	4
Building Lease	24,750	30,568	5,818
Miscellaneous income	-	8,272	8,272
Net Investment Income	20,000	23,574	3,574
Reimbursed Expenditures	14,000	13,052	(948)
Total Revenues	<u>5,313,500</u>	<u>5,367,187</u>	<u>53,687</u>
EXPENDITURES			
Accounting	44,600	34,555	10,045
Audit	8,000	8,225	(225)
Board Support	15,000	13,392	1,608
Consulting	-	12,000	(12,000)
Contingency	53,240	2,337	50,903
County Treasurer's Fees	69,900	69,592	308
Community Events	20,000	31,822	(11,822)
Dues and Subscriptions	31,222	24,325	6,897
Global Information Services	-	39,900	(39,900)
Insurance	42,340	43,106	(766)
Legal	25,000	38,653	(13,653)
Payroll Tax	450	344	106
Irrigation (SMMD)	45,000	34,700	10,300
Engineering	45,000	32,125	12,875
Electric and Gas	80,000	45,681	34,319
Office Overhead	35,000	34,137	863
Maintenance	2,188,200	2,128,481	59,719
Contract Services	255,000	171,181	83,819
Materials	133,000	114,022	18,978
Total Expenditures	<u>3,090,952</u>	<u>2,878,578</u>	<u>212,374</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,222,548	2,488,609	266,061
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(2,250,000)</u>	<u>(2,250,000)</u>	-
Total Other Financing Uses	<u>(2,250,000)</u>	<u>(2,250,000)</u>	-
NET CHANGE IN FUND BALANCES	(27,452)	238,609	266,061
Fund Balances - Beginning of Year	<u>567,169</u>	<u>563,379</u>	<u>(3,790)</u>
FUND BALANCES - END OF YEAR	<u>\$ 539,717</u>	<u>\$ 801,988</u>	<u>\$ 262,271</u>

See accompanying Notes to Basic Financial Statements.

**MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2018**

	<u>Enterprise</u>
ASSETS	
CURRENT ASSETS	
Cash and Investments	\$ 8,265,971
Cash and Investments - DCC	194,935
Accounts Receivable	433,417
Prepaid Expense	1,714
Total Current Assets	8,896,037
CAPITAL ASSETS	
Water System	10,892,368
Wells	7,352,234
Wastewater Treatment Plant	9,742,900
Sewer System	9,481,050
Storm Water System	3,082,378
Less: Accumulated Depreciation	(16,850,615)
Total Capital Assets	23,700,315
Total Assets	\$ 32,596,352
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	\$ 812,798
DCC Security Deposits	125,250
Total Current Liabilities	938,048
NET POSITION	
Net Investment in Capital Assets	23,700,315
Unrestricted	7,957,989
Total Net Position	31,658,304
Total Liabilities and Net Position	\$ 32,596,352

See accompanying Notes to Basic Financial Statements.

**MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018**

	Enterprise
OPERATING REVENUES	
Service Charges	\$ 5,818,386
Lease Payments	276,374
Total Operating Revenues	6,094,760
OPERATING EXPENSES	
Cost of Services:	
Contract Services	1,614,796
Electric and Gas	748,690
Materials and Supplies	375,222
Operational Support	912,206
Water Purchase/Lease	364,701
Administration and General Expenses:	
Accounting	34,555
Audit	8,225
Dues and Subscriptions	8,470
Engineering and Consulting	404,772
Insurance	39,384
Legal	44,946
Office Overhead	17,434
Support Management	129,545
Capital Expenses	12,457
Depreciation	1,011,824
Total Operating Expenses	5,727,227
OPERATING INCOME	367,533
NONOPERATING REVENUES AND EXPENSES	
DCC Fees	10,500
Net Investment Income	160,882
Other Income	13,448
DCC Expenditures	(159,605)
Total Nonoperating Revenues and Expenses	25,225
OTHER FINANCING SOURCES (USES)	
Transfers In (Out)	150,000
Total Other Financing Sources (Uses)	150,000
CHANGE IN NET POSITION	542,758
Total Net Position - Beginning of Year	31,115,546
TOTAL NET POSITION - END OF YEAR	\$ 31,658,304

See accompanying Notes to Basic Financial Statements.

**MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018**

	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 5,734,047
Payments to Suppliers	(4,363,921)
Other Receipts	276,374
Net Cash Provided by Operating Activities	1,646,500
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other Revenue	13,948
Other Expenses	(159,605)
Transfers In (Out)	150,000
Net Cash Provided by Nonfinancing Financing Activities	4,343
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(155,963)
Net Cash Used by Capital and Related Financing Activities	(155,963)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	160,882
Net Cash Provided by Investing Activities	160,882
INCREASE IN CASH AND CASH EQUIVALENTS	1,655,762
Cash and Cash Equivalents - Beginning of Year	6,805,144
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,460,906
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 367,533
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,011,824
(Increase) Decrease in:	
Accounts Receivable	(84,339)
Prepaid Expense	(1,714)
Increase (Decrease) in:	
Accounts Payable	353,196
Net Cash Provided by Operating Activities	\$ 1,646,500

See accompanying Notes to Basic Financial Statements.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 DEFINITION OF REPORTING ENTITY

Meridian Metropolitan District (the District) is a quasi-municipal corporation and political subdivision of the state of Colorado organized by order and decree of the District Court for Douglas County on September 30, 1980, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Douglas County, Colorado. The District was organized to provide water and wastewater service, street construction, construction and maintenance of parks and recreation facilities, and public transportation. It derives its revenue principally from water and sewer sales and general property taxes.

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 contracts for all of its management and professional services.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 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 governmental funds and proprietary funds. Major individual governmental and enterprise 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The District reports the following major governmental funds:

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

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

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major proprietary fund:

The Enterprise Fund accounts for operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned,

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

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

Pooled Cash and Investments

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

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Accounts Receivable, Allowance for Doubtful Accounts

User fees constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed upon as provided by the state of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Building/Equipment	25-50 Years
Infrastructure	30-50 Years
Parks and Recreation, Street Lights, Signage	15-50 Years
Water/Sewer System	40 Years
Conduit System	20 Years

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Cost of Bond Refunding

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the defeased bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position reports 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 (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 30,580,376
Cash and Investments - Restricted	<u>1,567,348</u>
Total Cash and Investments	<u><u>\$ 32,147,724</u></u>

Cash and investments as of December 31, 2018 consist of the following:

Deposits with Financial Institutions	\$ 487,826
Investments	<u>31,659,898</u>
Total Cash and Investments	<u><u>\$ 32,147,724</u></u>

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2018, the District's cash deposits had a bank statement balance of \$597,415 and a carrying balance of \$487,810. Outstanding checks at December 31, 2018 totaled \$109,605.

Investments

The District has adopted a formal investment policy which follows state statutes regarding investments.

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

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 31,659,898</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust'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 the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance at December 31, 2017	Increases	Decreases	Balance at December 31, 2018
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 842,552	\$ -	\$ -	\$ 842,552
Landscaping/Parks	3,191,655	-	-	3,191,655
Construction in Progress:				
Building/Equipment	-	3,048	-	3,048
Street intersection	-	196,400	-	196,400
Water System Facilities	-	9,503	-	9,503
Wells	-	16,360	-	16,360
Total Capital Assets, Not Being Depreciated	4,034,207	225,311	-	4,259,518
Capital Assets, Being Depreciated:				
Building/Equipment	878,117	-	-	878,117
Conduit System	1,481,998	101,108	-	1,583,106
Parks and Recreation	2,684,848	134,780	-	2,819,628
Street Lights	1,515,438	183,911	-	1,699,349
Signage	685,629	855,865	-	1,541,494
Total Capital Assets, Being Depreciated	7,246,030	1,275,664	-	8,521,694
Less Accumulated Depreciation for:				
Building/Equipment	432,934	16,935	-	449,869
Conduit System	1,363,691	19,740	-	1,383,431
Parks and Recreation	1,091,808	52,164	-	1,143,972
Street Lights	668,404	38,809	-	707,213
Signage	380,828	30,347	-	411,175
Total Accumulated Depreciation	3,937,665	157,995	-	4,095,660
Total Capital Assets, Being Depreciated, Net	3,308,365	1,117,669	-	4,426,034
Governmental Activities Capital Assets, Net	<u>\$ 7,342,572</u>	<u>\$ 1,342,980</u>	<u>\$ -</u>	<u>\$ 8,685,552</u>

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance at December 31, 2017	Increases	Decreases	Balance at December 31, 2018
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Water System Facilities	\$ 10,892,368	\$ -	\$ -	\$ 10,892,368
Wells	7,196,271	155,963	-	7,352,234
Wastewater Treatment Plant	9,742,900	-	-	9,742,900
Sewer System Facilities	9,481,050	-	-	9,481,050
Storm Water System	3,082,378	-	-	3,082,378
Total Capital Assets, Being Depreciated	<u>40,394,967</u>	<u>155,963</u>	<u>-</u>	<u>40,550,930</u>
Less Accumulated Depreciation for:				
Water System Facilities	5,723,344	268,758	-	5,992,102
Wells	1,669,003	185,407	-	1,854,410
Wastewater Treatment Plant	1,817,448	243,573	-	2,061,021
Sewer System Facilities	6,397,818	237,026	-	6,634,844
Storm Water System	231,178	77,060	-	308,238
Total Accumulated Depreciation	<u>15,838,791</u>	<u>1,011,824</u>	<u>-</u>	<u>16,850,615</u>
Total Capital Assets, Being Depreciated, Net	<u>24,556,176</u>	<u>(855,861)</u>	<u>-</u>	<u>23,700,315</u>
Business-Type Activities Capital Assets, Net	<u>\$ 24,556,176</u>	<u>\$ (855,861)</u>	<u>\$ -</u>	<u>\$ 23,700,315</u>

Streets are recorded on the statements of the District until the local municipality accepts the completed streets for maintenance. After acceptance, the investment is transferred to the local municipality.

The District transferred the majority of its public infrastructure improvements to other entities for maintenance responsibility. The District is responsible for the repayment of bonds issued to construct the aforementioned improvements. Consequently, a deficit balance is reflected on the District's statement of net position. The historical value of all transferred improvements is \$29,187,623.

Pursuant to the Regional Facilities Agreement with South Meridian Metropolitan District, the District recorded \$25,600 of park infrastructure costs in 2018.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities

General Government	\$ 157,995
Total Depreciation Expense - Governmental Activities	<u>\$ 157,995</u>

Business-Type Activities

Water/Sewer Facilities	\$ 1,011,824
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,011,824</u>

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2018:

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable:					
Series 2011A Refunding Bonds	\$ 55,815,000	\$ -	\$ 1,355,000	\$ 54,460,000	\$ 1,395,000
Series 2011B Refunding Bonds	9,685,000	-	235,000	9,450,000	245,000
Series 2017 Bonds	14,720,000	-	-	14,720,000	-
Total Bonds Payable	<u>80,220,000</u>	<u>-</u>	<u>1,590,000</u>	<u>78,630,000</u>	<u>\$ 1,640,000</u>
Bond Discount - Series 2011	(675,200)	-	(44,502)	(630,698)	
Bond Premium - Series 2017	<u>620,729</u>	<u>-</u>	<u>29,705</u>	<u>591,024</u>	
Total Long-Term Obligations	<u>\$ 80,165,529</u>	<u>\$ -</u>	<u>\$ 1,575,203</u>	<u>\$ 78,590,326</u>	

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The detail of the District's long-term obligations is as follows:

General Obligation Refunding Bonds – Series 2011A and Series 2011B

On October 27, 2011, the District fully refunded and defeased (debt legally satisfied) the Series 2001A General Obligation Refunding Bonds, dated September 1, 2001, with an average interest rate of approximately 5.0% and the Series 2001B General Obligation Refunding and Improvement Bonds, dated September 1, 2001, with an average interest rate of approximately 5.0% by the issuance of \$59,650,000 General Obligation Refunding Bonds, Series 2011A with interest rates ranging from 3.0% to 5.0% and \$10,350,000 General Obligation Refunding Bonds, Series 2011B with interest rates ranging from 3.0% to 5.0%. The defeased bonds are not considered a liability of the District since sufficient funds (\$68,543,724) were deposited with a trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds when due. The Series 2011A and 2011B Bonds maturing on or before December 1, 2021, are not subject to redemption prior to maturity at the option of the District. The Series 2011A and 2011B Bonds maturing on or after December 1, 2022, are subject to redemption prior to maturity at the option of the District.

General Obligation Bonds – Series 2017

On November 14, 2017, the District issued General Obligation Bonds, Series 2017 in the amount of \$14,720,000 with interest rates of 3.50% to 5.00%, consisting of serial bonds in the amount of \$4,970,000 due annually through 2037, term bonds in the amount of \$2,995,000 due December 1, 2042 and term bonds in the amount of \$6,755,000 due December 1, 2047. The proceeds of these bonds will be used for public infrastructure within the District. The bonds maturing on or after December 1, 2028, are subject to redemption prior to maturity, at the option of the District, without redemption premium.

The Series 2017 bonds are insured by Assured Guaranty Municipal Corp. (AGM). At March 25, 2019, AGM was rated AA by Standard & Poor's and A2 by Moody's.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,640,000	\$ 3,628,819	\$ 5,268,819
2020	1,715,000	3,555,019	5,270,019
2021	1,890,000	3,477,844	5,367,844
2022	2,085,000	3,406,719	5,491,719
2023	2,165,000	3,327,969	5,492,969
2024-2028	12,260,000	15,173,108	27,433,108
2029-2033	15,340,000	12,100,026	27,440,026
2034-2038	19,450,000	7,986,575	27,436,575
2039-2043	16,590,000	2,857,875	19,447,875
2044-2047	5,495,000	488,950	5,983,950
Total	<u>\$ 78,630,000</u>	<u>\$ 56,002,904</u>	<u>\$ 134,632,904</u>

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

On November 2, 1999, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$25,000,000 for the financing of new improvements and \$85,000,000 for the purposes of debt refunding. At December 31, 2018, the District had authorized but unissued indebtedness remaining in the amounts of \$553,105 for the financing of new improvements and \$12,929,460 for the purposes of debt refunding.

In the future, the District may issue a portion 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 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2018, the District had net investment in capital assets calculated as follows:

	Governmental Activities	Business- Type Activities
Net Investment in Capital Assets:		
Capital Assets, Net	\$ -	\$ 23,700,315
Net Investment in Capital Assets	\$ -	\$ 23,700,315

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2018 as follows:

	Governmental Activities	Business- Type Activities
Restricted Net Position:		
Emergencies	\$ 156,000	\$ -
Debt Service Reserve	1,160,888	-
Total Restricted Net Position	\$ 1,316,888	\$ -

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position for governmental activities. The deficit amount in the governmental activities is a result of the District being responsible for repayment of bonds issued for public improvements which were conveyed to other governmental entities and to the Enterprise Fund and which costs were removed from the District's financial records.

NOTE 7 RELATED-PARTY TRANSACTIONS

The Developer of the property within the District is Shea Colorado, LLC and its affiliates (Shea, or Developer). Three of the five Board members of the District are employed by or provide services to a business or businesses that are involved with, may become involved with, or are directly and substantially affected by the activities of the District, and all Board members own real property that is located in the District. These relationships and ownerships, in certain circumstances, may give the appearance that conflicting interests could affect their official activities as Board members but as a general matter they do not disqualify them to serve as Board members. As and when required by law, each affected Board member files a written disclosure of any potential conflicts of interest with the District and the Colorado Secretary of State, and they refrain from voting on affected matters unless allowed by law.

The Developer, through various related entities, performs certain maintenance and management functions for the District and the District provides certain facilities to the Developer. During 2018, the District paid \$5,739,022 (including payments of \$434,516 for materials passed through to the District and \$1,731,087 for pass through items to subcontractors) to the Developer. At December 31, 2018, \$287,127 in related party amounts are included in accounts payable.

The District received payments from the Developer of approximately \$47,772 for the office building lease and utilities.

In 1984, the District and the Developer of the property at that time entered into an agreement pursuant to which the Developer purchases capacity in the District's water and sewer systems. The agreement has been amended several times and currently is contained in the October 3, 2000, Amended and Restated Water and Sewer Tap Purchase Agreement (the Tap Purchase Agreement) between the District and several developer entities. The Tap Purchase Agreement states that the Developer or its predecessors have made tap purchase payments to the District in the amount of \$61,403,590, and the Developer possessed the right to 4,017 taps, each representing a single family equivalent unit of capacity in the system. The Developer is required, upon the request of the District, to allocate and sell such taps to third parties desiring to connect to the system at prices and terms set forth in the Tap Purchase Agreement. In 2018, the Developer issued service and connection fees with a total value of \$2,175,693 that represents 117 taps. At December 31, 2018, the Developer possessed the rights to 774 taps. At December 31, 2018, the District had \$222,000 in accounts payable for service and connection fees.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 AGREEMENTS

Connector Agreements

On October 1, 1998, the District and the Developer entered into an agreement whereby the District will provide water and sewer connections to a parcel of land south of the District's boundaries, which is the South Meridian Metropolitan District (SMMD). The Developer of SMMD will provide available water to the District's water supply system in sufficient volume to enable the District to make water taps available to the SMMD property without using or impairing the water rights presently owned by the District. The SMMD Developer will construct the needed lines and, upon completion, will convey them to the District for maintenance and operations. As permitted by the agreement, these responsibilities were assigned by the Developer to the South Meridian Metropolitan District, and restated in a Regional Facilities Agreement.

On January 1, 2001, the District and North Meridian Metropolitan District (NMMD) entered into an agreement whereby the District has acquired or is acquiring all necessary water rights for the provision of water supply for the full estimated build out of the North Development. The District is currently arranging the transfer or lease of certain wells, well sites, intake points if diversion, related easements and applicable permits connected with these rights. Both parties agree that subject to the terms and conditions hereof, the District shall supply adequate water to taps connected within NMMD to accommodate such development.

On June 6, 2000, the District entered into an agreement (restated June 1, 2003, and amended December 7, 2004) whereby the District will provide water and sewer connections to a parcel of land, which constitutes Meridian Village Metropolitan District No. 1 and Meridian Village Metropolitan District No. 2 (Meridian Village No. 1 and Meridian Village No. 2, respectively). Meridian Village No. 1 and No. 2 will make water available to the District's water supply system in sufficient volume to enable the District to make water connections available to the Meridian Village No. 1 and No. 2 properties without using or impairing the water rights presently owned by the District. Meridian Village No. 1 and No. 2 will construct the needed lines and, upon completion, will convey them to the District for maintenance and operations.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 AGREEMENTS (CONTINUED)

Covenant Obligations

Effective December 1, 2004, the District entered into an agreement regarding covenant obligations and support services with TCD North, Inc. (North), Meridian Associates East (MAE), Meridian Associates West (MAW), Meridian-MB Investments, LLC (Meridian-MB), the Design Control Committee of Meridian International Business Center (Meridian DCC), the Design Control Committee of Meridian Commons (Meridian Commons DCC) and the Design Control Committee of Meridian (North Area) (Meridian North DCC). The Design Control Committees were created to administer the protective covenants of properties which lie in the District's service area. With this agreement, North, MAE, MAW, and the Design Control Committees have delegated to the District the responsibility for the performance of certain functions and duties pursuant to the protective covenants. Due to North's familiarity and involvement with matters relating to the protective covenants, the parties agreed that North would continue to provide the services needed to administer the covenants. All of North's rights and obligations have been assigned to Shea (as defined in Note 7). Design Control Committees will continue to bear responsibility for and exercise all the powers granted and/or assigned to them in the protective covenants.

Effective January 1, 2013, the agreement was updated to include provisions for the District to fund DCC to the extent that the service charges are not sufficient to cover the full cost of the operations. The agreement terminates on December 31, 2022.

For each calendar year following 2013, the management fee shall be \$15,000 per month increased by the Denver-Boulder CPI for the prior year for the duration of the obligation. The fees invoiced by and paid to Shea for 2018 were \$155,000.

At December 31, 2018, the District had \$194,935 in cash and investments related to the DCC covenant obligations comprised of payables and security deposits being held by the District.

NOTE 9 DISTRICT COST SHARING PARTICIPATION AGREEMENTS

South Metro Water Supply Authority

In 2000, the District signed a participation agreement for funding of the South Metro Water Supply Authority (SMWSA) to define water strategies to meet near and long-term water needs of the south metro area. In 2018, the District paid \$22,222 to SMWSA.

South Metro WISE Authority

On July 10, 2013, the District entered into the South Metro WISE (Water, Infrastructure, and Supply Efficiency) Authority Formation and Organizational Intergovernmental Agreement. This Agreement commits the District to participate in the WISE Partnership through the South Metro WISE Authority. The Agreement also defines how costs will be shared between participating members. The District has committed to subscribing to 300-acre feet (AF) out of a total of 7,225 AF (4.15%) of renewable water to be delivered annually from the WISE Partnership. During 2018, the District paid WISE \$38,835 for administrative costs.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 9 DISTRICT COST SHARING PARTICIPATION AGREEMENTS (CONTINUED)

South Metro WISE Authority (Continued)

The WISE Partnership entered into the WISE Partnership – Water Delivery Agreement between the city and county of Denver, acting by and through its Board of Water Commissioners, the city of Aurora acting by and through its Utility Enterprise, and the South Metro WISE Authority. The Water Delivery Agreement is the overarching agreement that defines the terms under which Denver and Aurora will deliver water to the South Metro WISE Authority members. There were engineering design and construction contracts required to transport water to be entered into by the South Metro WISE Authority during 2013, 2014, and 2015 in order to begin taking deliveries of water. The District was responsible for approximately \$3,200,000 in capital costs to transport water. As of December 31, 2017, the District has spent \$3,200,912 in capital costs. Additionally, there will be subscription fees, WISE operations and maintenance costs, WISE capital costs, District variable pumping costs, and the District's share of operating and maintenance costs which will be billed based upon water delivered. As of December 31, 2018, no water has been delivered. Take-or-pay water capacity payments in 2018 totaled \$10,652. The District is responsible for paying its share of 4.15% of the WISE Operations based on the District's infrastructure capacity. No operational costs were paid in 2018.

NOTE 10 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 11 COMMITMENTS AND CONTINGENCIES

Water Lease

The District has entered into a lease for water rights from the Developer, which together with water rights owned by the District, are sufficient to meet current demand within the District's service area. The original term of the lease is 50 years, 1982 through 2032, with two 35-year renewal options and provisions for annual adjustments. Total lease payments were \$363,728 for the year ended December 31, 2018.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 12 REGIONAL FACILITIES AGREEMENTS

The District has entered into separate Regional Facilities Agreements (RFA), dated January 1, 1999, with South Meridian Metropolitan District (South Meridian) and North Meridian Metropolitan District (North Meridian). The purpose of each RFA is to set forth the rights and obligations of North Meridian and South Meridian to issue indebtedness to fund, and for the District to construct, own or transfer, and operate and maintain, public facilities that benefit each district. The District is obligated to acquire all necessary water rights for the provision of water supply for the full estimated build out of North and South Meridian, and to manage construction of improvements and handle the books and records of each district. North and South Meridian are obligated to fund the improvements through limited tax obligation debt or other revenues that are legally available. At December 31, 2018, the District owed North Meridian \$3,080 and South Meridian owed the District \$356,703 pursuant to this agreement.

NOTE 13 TAX, SPENDING AND DEBT LIMITATION

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.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

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

On November 7, 1995, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District for 1995 and any year thereafter, without regard to any limitations under TABOR.

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.

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 qualification as an enterprise will require judicial interpretation.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 14 INTERFUND TRANSFERS

The transfer from the General Fund to the Capital Projects Fund was to support budgeted capital expenditures.

The transfer from the General Fund to the Enterprise Fund was to support budgeted DCC expenditures.

NOTE 15 SUBSEQUENT EVENT

Purchase and Sale Agreement of WISE Infrastructure Capacity

On February 20, 2019, the District and Denver Southeast Water and Sanitation District d/b/a Pinery Water and Sanitation District (Pinery) entered into a purchase and sale agreement where the District will purchase excess WISE infrastructure capacity, related to the Western Pipeline project, in the amount of \$785,770 from Pinery. This amount shall be paid in full on or before 30 days from the effective date of the agreement. As of March 30, 2019, the District made full payment to Pinery.

SUPPLEMENTARY INFORMATION

**MERIDIAN METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 5,412,530	\$ 5,379,123	\$ (33,407)
Specific Ownership Taxes	487,130	578,719	91,589
In-Lieu Tax Fees	310	350	40
Investment Income	2,000	30,364	28,364
Total Revenues	<u>5,901,970</u>	<u>5,988,556</u>	<u>86,586</u>
EXPENDITURES			
Bond Interest	3,711,544	3,704,143	7,401
Bond Principal	1,590,000	1,590,000	-
Contingency	10,000	-	10,000
County Treasurer's Fees	81,188	80,868	320
Paying Agent Fees	1,000	1,105	(105)
Total Expenditures	<u>5,393,732</u>	<u>5,376,116</u>	<u>17,616</u>
EXCESS OF REVENUES OVER EXPENDITURES	508,238	612,440	104,202
Fund Balances - Beginning of Year	<u>689,224</u>	<u>850,850</u>	<u>161,626</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,197,462</u></u>	<u><u>\$ 1,463,290</u></u>	<u><u>\$ 265,828</u></u>

**MERIDIAN METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
System Development Fees	\$ 60,000	\$ -	\$ (60,000)
Net Investment Income	42,000	490,305	448,305
Reimbursed Expenditures	5,000	42,372	37,372
Miscellaneous Income	-	48,066	48,066
Total Revenues	<u>107,000</u>	<u>580,743</u>	<u>473,743</u>
EXPENDITURES			
Support Management	69,755	69,755	-
Capital Outlay:			
Streets/Sidewalks/Transportation:			
Intersection Reconfiguration	900,000	196,400	703,600
Streets, Lights, and Sidewalks	300,000	183,911	116,089
Landscape/Identity:			
Signage/Monumentation	1,500,000	855,865	644,135
Park:			
Landscaping and Walls	700,000	91,922	608,078
Parking Area Upgrades	150,000	-	150,000
Park Upgrades	50,000	42,858	7,142
M-Bike	150,000	209,892	(59,892)
Wells/Irrigation:			
Restart/Redrill Wells	400,000	-	400,000
Water/Wastewater Facilities:			
Digester Repair/Upgrade	1,000,000	4,035	995,965
Lift Station A Rebuild/Rehab	80,000	84,088	(4,088)
MS4 Permit	500,000	-	500,000
Painting/Coating Water/Sewage Facilities	60,000	-	60,000
Potable Storage Tank Upgrades	10,000	-	10,000
SCADA Phase 2 Implementation	50,000	-	50,000
ASR Phase 1 / DE 1R	200,000	12,325	187,675
Lake Storage Increase	1,000,000	-	1,000,000
WISE Projects:			
DIA Subscription Fee	44,531	44,531	-
Infrastructure Operations	12,457	-	12,457
Operations Reserve	54,059	54,059	-
WISE Infrastructure (Binney Connection)	789,090	9,503	779,587
Miscellaneous Projects:			
Conduit System	10,000	101,108	(91,108)
HQ Restoration	300,000	3,048	296,952
Contingency	500,000	-	500,000
Total Expenditures	<u>8,829,892</u>	<u>1,963,300</u>	<u>6,866,592</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,722,892)	(1,382,557)	7,340,335
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	2,100,000	2,100,000	-
Total Other Financing Sources	<u>2,100,000</u>	<u>2,100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(6,622,892)	717,443	7,340,335
Fund Balances - Beginning of Year	<u>20,870,580</u>	<u>20,809,974</u>	<u>(60,606)</u>
FUND BALANCES - END OF YEAR	<u>\$ 14,247,688</u>	<u>\$ 21,527,417</u>	<u>\$ 7,279,729</u>

**MERIDIAN METROPOLITAN DISTRICT
 PROPRIETARY FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Water Sales - Irrigation	\$ 909,000	\$ 1,547,741	\$ 638,741
Water Sales - Potable	2,118,000	2,178,254	60,254
Sewer Sales	1,701,000	2,092,391	391,391
Building Lease	8,250	10,189	1,939
Conduit Lease	318,178	266,185	(51,993)
Miscellaneous Income	5,000	12,830	7,830
Net Investment Income	3,000	160,882	157,882
Reimbursed Expenditures	4,000	618	(3,382)
DCC Fees	50,000	10,500	(39,500)
Total Revenues	<u>5,116,428</u>	<u>6,279,590</u>	<u>1,163,162</u>
EXPENDITURES			
Cost of Services:			
Contract Services	1,337,835	1,614,796	(276,961)
Electric and Gas	740,000	748,690	(8,690)
Materials and Supplies	560,000	375,222	184,778
Operational Support	937,800	912,206	25,594
Water Purchase/Lease	200,000	364,701	(164,701)
Administration and General Expenses:			
DCC Expenditures	205,000	159,605	45,395
Accounting	44,600	34,555	10,045
Audit	8,000	8,225	(225)
Dues and Subscriptions	7,150	8,470	(1,320)
Engineering and Consulting	215,000	404,772	(189,772)
Insurance	42,100	39,384	2,716
Legal	75,000	44,946	30,054
Office Overhead	15,000	17,434	(2,434)
Support Management	129,545	129,545	-
Capital Expenditures / Outlay	1,704,545	168,420	1,536,125
Total Expenditures	<u>6,221,575</u>	<u>5,030,971</u>	<u>1,190,604</u>
EXCESS OF REVENUES OVER (UNDER) OVER (UNDER) EXPENDITURES	(1,105,147)	1,248,619	2,353,766
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	150,000	150,000	-
Total Other Financing Sources	<u>150,000</u>	<u>150,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (955,147)</u>	<u>\$ 1,398,619</u>	<u>\$ 2,353,766</u>

**MERIDIAN METROPOLITAN DISTRICT
 PROPRIETARY FUND
 RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2018**

	Actual
EXCESS OF REVENUES OVER EXPENDITURES (BUDGETARY BASIS)	\$ 1,398,619
Deduct:	
Depreciation	(1,011,824)
CHANGE IN NET POSITION	542,758
Total Net Position - Beginning of Year	31,115,546
TOTAL NET POSITION - END OF YEAR	\$ 31,658,304

**MERIDIAN METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2018**

Bonds and Interest Maturing in the Year Ending December 31,	\$59,650,000 General Obligation Refunding Bonds Interest Rate - 3.0% to 5.0% Series 2011A Dated October 27, 2011 Interest Payable June 1 and December 1 Principal Payable December 1			\$10,350,000 General Obligation Refunding Bonds Interest Rate - 3.0% to 5.0% Series 2011B Dated October 27, 2011 Interest payable June 1 and December 1 Principal payable December 1		
	Principal	Interest	Total	Principal	Interest	Total
	2019	\$ 1,395,000	\$ 2,595,319	\$ 3,990,319	\$ 245,000	\$ 448,525
2020	1,460,000	2,532,544	3,992,544	255,000	437,500	692,500
2021	1,525,000	2,466,844	3,991,844	265,000	426,025	691,025
2022	1,585,000	2,409,656	3,994,656	275,000	416,088	691,088
2023	1,645,000	2,350,219	3,995,219	285,000	405,775	690,775
2024	1,715,000	2,276,194	3,991,194	300,000	392,950	692,950
2025	1,785,000	2,205,450	3,990,450	310,000	380,575	690,575
2026	1,865,000	2,129,588	3,994,588	325,000	367,400	692,400
2027	1,940,000	2,050,325	3,990,325	340,000	353,588	693,588
2028	2,025,000	1,965,450	3,990,450	355,000	338,713	693,713
2029	2,125,000	1,866,763	3,991,763	370,000	321,850	691,850
2030	2,230,000	1,763,325	3,993,325	385,000	304,275	689,275
2031	2,340,000	1,654,900	3,994,900	405,000	285,988	690,988
2032	2,450,000	1,541,250	3,991,250	425,000	266,750	691,750
2033	2,575,000	1,418,750	3,993,750	445,000	245,500	690,500
2034	2,700,000	1,290,000	3,990,000	470,000	223,250	693,250
2035	2,835,000	1,155,000	3,990,000	490,000	199,750	689,750
2036	2,980,000	1,013,250	3,993,250	515,000	175,250	690,250
2037	3,130,000	864,250	3,994,250	540,000	149,500	689,500
2038	3,285,000	707,750	3,992,750	570,000	122,500	692,500
2039	3,450,000	543,500	3,993,500	595,000	94,000	689,000
2040	3,620,000	371,000	3,991,000	625,000	64,250	689,250
2041	3,800,000	190,000	3,990,000	660,000	33,000	693,000
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
2045	-	-	-	-	-	-
2046	-	-	-	-	-	-
2047	-	-	-	-	-	-
Total	\$ 54,460,000	\$ 37,361,327	\$ 91,821,327	\$ 9,450,000	\$ 6,453,002	\$ 15,903,002

**MERIDIAN METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2018**

Bonds and Interest Maturing in the year ending December 31,	\$14,270,000 General Obligation Bonds Interest Rate - 3.50% to 5.00% Series 2017 Dated November 14, 2017 Interest payable June 1 and December 1 Principal payable December 1					
	Principal payable December 1			Total		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ -	\$ 584,975	\$ 584,975	\$ 1,640,000	\$ 3,628,819	\$ 5,268,819
2020	-	584,975	584,975	1,715,000	3,555,019	5,270,019
2021	100,000	584,975	684,975	1,890,000	3,477,844	5,367,844
2022	225,000	580,975	805,975	2,085,000	3,406,719	5,491,719
2023	235,000	571,975	806,975	2,165,000	3,327,969	5,492,969
2024	240,000	562,575	802,575	2,255,000	3,231,719	5,486,719
2025	250,000	552,975	802,975	2,345,000	3,139,000	5,484,000
2026	260,000	542,975	802,975	2,450,000	3,039,963	5,489,963
2027	270,000	532,575	802,575	2,550,000	2,936,488	5,486,488
2028	280,000	521,775	801,775	2,660,000	2,825,938	5,485,938
2029	295,000	510,575	805,575	2,790,000	2,699,188	5,489,188
2030	305,000	498,775	803,775	2,920,000	2,566,375	5,486,375
2031	315,000	486,575	801,575	3,060,000	2,427,463	5,487,463
2032	330,000	473,975	803,975	3,205,000	2,281,975	5,486,975
2033	345,000	460,775	805,775	3,365,000	2,125,025	5,490,025
2034	355,000	446,975	801,975	3,525,000	1,960,225	5,485,225
2035	375,000	432,775	807,775	3,700,000	1,787,525	5,487,525
2036	385,000	417,775	802,775	3,880,000	1,606,275	5,486,275
2037	405,000	402,375	807,375	4,075,000	1,416,125	5,491,125
2038	415,000	386,175	801,175	4,270,000	1,216,425	5,486,425
2039	440,000	365,425	805,425	4,485,000	1,002,925	5,487,925
2040	460,000	343,425	803,425	4,705,000	778,675	5,483,675
2041	480,000	320,425	800,425	4,940,000	543,425	5,483,425
2042	1,200,000	296,425	1,496,425	1,200,000	296,425	1,496,425
2043	1,260,000	236,425	1,496,425	1,260,000	236,425	1,496,425
2044	1,305,000	192,325	1,497,325	1,305,000	192,325	1,497,325
2045	1,350,000	146,650	1,496,650	1,350,000	146,650	1,496,650
2046	1,395,000	99,400	1,494,400	1,395,000	99,400	1,494,400
2047	1,445,000	50,575	1,495,575	1,445,000	50,575	1,495,575
Total	\$ 14,720,000	\$ 12,188,575	\$ 26,908,575	\$ 78,630,000	\$ 56,002,904	\$ 134,632,904

**MERIDIAN METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY,
AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2018**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy ⁽¹⁾		Mills Levied		Total Property Taxes		Percentage Collected to Levied
	General	Debt	General	Debt	Levied	Collected	
	Fund	Service	Fund	Service			
2010	\$ 158,485,200	\$ 166,794,590	9.260	29.818	\$ 6,441,054	\$ 6,634,416	103.0 %
2011	154,733,860	163,092,400	14.421	29.818	7,094,506	6,634,416	93.5
2012	134,005,340	142,470,510	36.821	1.169	5,100,759	4,819,778	94.5
2013	134,176,800	143,496,930	23.000	21.000	6,099,502	5,919,273	97.0
2014	144,616,280	157,288,322	24.000	22.000	6,931,133	6,814,506	98.3
2015	152,556,700	165,692,390	27.000	22.000	7,764,262	7,719,063	99.4
2016	159,824,190	177,800,520	29.000	21.000	8,489,971	8,294,579	97.7
2017	155,350,790	174,335,460	24.000	25.000	8,211,978	8,297,818	101.0
2018							
Debt Service		\$ 212,505,240		25.260	\$ 5,412,530	\$ 5,379,123	
Operational	\$ 190,588,200		24.250		4,660,206	4,628,029	
					<u>\$ 10,072,736</u>	<u>\$ 10,007,152</u>	99.3 %
Estimated for Calendar Year December 31, 2019							
Debt Service		\$ 211,832,970		25.260	\$ 5,350,901		
Operational	\$ 189,831,740		24.250		4,603,420		
					<u>\$ 9,954,321</u>		

Note:

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

(1) Certain properties within the District are included for the debt service mill levy, but excluded for general fund purposes as a result of the residents electing to be excluded from the District's services.

CONTINUING DISCLOSURE OBLIGATION

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
YEAR ENDED DECEMBER 31, 2018**

**BUDGET SUMMARY AND COMPARISON
GENERAL FUND
(UNAUDITED)**

	2018			2019
	Final Budget	Actual	Variance	Budget
REVENUES				
Property Taxes	\$ 4,660,206	\$ 4,628,029	\$ (32,177)	\$ 4,603,420
Specific Ownership Taxes	419,420	486,479	67,059	513,830
Intergovernmental	175,011	177,096	2,085	174,477
Building Lease	24,750	30,568	5,818	25,500
In-Lieu Tax Fees	113	117	4	117
Reimbursed Expenditures	14,000	13,052	(948)	17,500
Net Investment Income	20,000	23,574	3,574	20,000
Other Income	-	8,272	8,272	-
Total Revenues	<u>5,313,500</u>	<u>5,367,187</u>	<u>53,687</u>	<u>5,354,844</u>
EXPENDITURES				
Accounting and Audit	52,600	42,780	9,820	53,100
Board Support	15,000	13,392	1,608	15,000
Consulting	-	12,000	(12,000)	10,000
Contingency	53,240	2,337	50,903	53,240
County Treasurer's Fees	69,900	69,592	308	77,075
Community Events	20,000	31,822	(11,822)	40,000
Dues and Subscriptions	31,222	24,325	6,897	35,000
GIS Services	-	39,900	(39,900)	37,000
Insurance	42,340	43,106	(766)	42,220
Legal	25,000	38,653	(13,653)	25,000
Payroll Tax	450	344	106	450
Irrigation (SMMD)	45,000	34,700	10,300	45,000
Engineering	45,000	32,125	12,875	45,000
Electric and Gas	80,000	45,681	34,319	80,000
Office Overhead	35,000	34,137	863	58,500
Operational Support	2,188,200	2,128,481	59,719	2,461,900
Contract Services	255,000	171,181	83,819	291,500
Materials	133,000	114,022	18,978	135,000
Total Expenditures	<u>3,090,952</u>	<u>2,878,578</u>	<u>212,374</u>	<u>3,504,985</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,222,548	2,488,609	266,061	1,849,859
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	<u>(2,250,000)</u>	<u>(2,250,000)</u>	-	<u>(1,900,000)</u>
Total Other Financing Uses	<u>(2,250,000)</u>	<u>(2,250,000)</u>	-	<u>(1,900,000)</u>
NET CHANGE IN FUND BALANCES	(27,452)	238,609	266,061	(50,141)
Fund Balances - Beginning of Year	<u>567,169</u>	<u>563,379</u>	<u>(3,790)</u>	<u>566,629</u>
FUND BALANCES - END OF YEAR	<u>\$ 539,717</u>	<u>\$ 801,988</u>	<u>\$ 262,271</u>	<u>\$ 516,488</u>

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

**BUDGET SUMMARY AND COMPARISON
DEBT SERVICE FUND
(UNAUDITED)**

	2018		Variance	2019
	Budget	Actual		Budget
REVENUES				
Property Taxes	\$ 5,412,530	\$ 5,379,123	\$ (33,407)	\$ 5,350,901
Specific Ownership Taxes	487,130	578,719	91,589	535,230
In-Lieu Tax Fees	310	350	40	350
Investment Income	2,000	30,364	28,364	34,000
Total Revenues	<u>5,901,970</u>	<u>5,988,556</u>	<u>86,586</u>	<u>5,920,481</u>
EXPENDITURES				
County Treasurer's Fees	81,188	80,868	320	80,285
Bond Principal	1,590,000	1,590,000	-	1,640,000
Bond Interest	3,711,544	3,704,143	7,401	3,628,819
Paying Agent Fees	1,000	1,105	(105)	1,000
Contingency	10,000	-	10,000	10,000
Total Expenditures	<u>5,393,732</u>	<u>5,376,116</u>	<u>17,616</u>	<u>5,360,104</u>
NET CHANGE IN FUND BALANCES	508,238	612,440	104,202	560,377
Fund Balances - Beginning of Year	<u>689,224</u>	<u>850,850</u>	<u>161,626</u>	<u>1,448,940</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,197,462</u></u>	<u><u>\$ 1,463,290</u></u>	<u><u>\$ 265,828</u></u>	<u><u>\$ 2,009,317</u></u>

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

**BUDGET SUMMARY AND COMPARISON
CAPITAL PROJECTS FUND
(UNAUDITED)**

	2018		Variance	2019
	Budget	Actual		Budget
REVENUES				
Investment Income	\$ 42,000	\$ 490,305	\$ 448,305	\$ 315,000
Reimbursed Expenditures	5,000	42,372	37,372	5,000
System Development Fees	60,000	-	(60,000)	1,200,000
Miscellaneous Income	-	48,066	48,066	5,000
Total Revenues	<u>107,000</u>	<u>580,743</u>	<u>473,743</u>	<u>1,525,000</u>
EXPENDITURES				
Support Management	69,755	69,755	-	71,848
Capital Outlay	8,760,137	1,893,545	6,866,592	12,025,000
Total Expenditures	<u>8,829,892</u>	<u>1,963,300</u>	<u>6,866,592</u>	<u>12,096,848</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,722,892)	(1,382,557)	7,340,335	(10,571,848)
OTHER FINANCING SOURCES AND (USES)				
Operating Transfers In (Out)	<u>2,100,000</u>	<u>2,100,000</u>	-	<u>1,750,000</u>
Total Other Financing Sources	<u>2,100,000</u>	<u>2,100,000</u>	-	<u>1,750,000</u>
NET CHANGE IN FUND BALANCES	(6,622,892)	717,443	7,340,335	(8,821,848)
Fund Balances - Beginning of Year	<u>20,870,580</u>	<u>20,809,974</u>	<u>(60,606)</u>	<u>20,582,185</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 14,247,688</u></u>	<u><u>\$ 21,527,417</u></u>	<u><u>\$ 7,279,729</u></u>	<u><u>\$ 11,760,337</u></u>

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
(UNAUDITED)**

	2014	2015	2016	2017	2018
REVENUES					
Property Taxes	\$ 3,412,664	\$ 4,093,973	\$ 4,532,621	\$ 3,778,270	\$ 4,628,029
Specific Ownership Taxes	331,198	393,371	423,970	404,840	486,479
Intergovernmental	88,704	113,910	116,871	130,980	177,096
Building Lease	24,750	24,750	24,750	24,750	30,568
In-Lieu Tax Fees	91	91	113	101	117
Reimbursed Expenditures	9,446	15,026	15,170	7,606	13,052
Net Investment Income	-	-	18,082	49,175	23,574
Other Income	-	4,077	15,620	14,010	8,272
Total Revenues	<u>3,866,853</u>	<u>4,645,198</u>	<u>5,147,197</u>	<u>4,409,732</u>	<u>5,367,187</u>
EXPENDITURES					
Accounting and Audit	38,916	41,086	42,071	42,408	42,780
Board Support	7,859	6,941	6,684	8,738	13,392
Community Events	-	-	-	41,480	31,822
Contract Services	149,449	141,752	143,253	169,521	171,181
Dues and Subscriptions	26,273	19,998	18,843	16,682	24,325
Electric and Gas	52,373	47,487	51,448	46,711	45,681
Engineering and Consulting	10,797	21,635	10,015	67,417	44,125
GIS Services	-	-	-	-	39,900
Insurance	37,571	31,280	34,477	40,327	43,106
Irrigation (SMMD)	-	21,349	50,037	13,359	34,700
Interest Expense on Tax Abatements	3,393	-	-	-	-
Landscaping	87,822	138,024	129,079	-	-
Legal	17,365	20,888	15,906	15,984	38,653
Materials	-	-	-	110,330	114,022
Office Overhead	27,212	31,319	44,972	37,765	34,137
Operational Support	1,667,480	1,777,283	1,901,747	1,995,442	2,128,481
Payroll Tax	413	344	375	444	344
County Treasurer's Fees	51,182	61,448	68,033	56,748	69,592
Contingency	-	-	-	20,719	2,337
Total Expenditures	<u>2,178,105</u>	<u>2,360,834</u>	<u>2,516,940</u>	<u>2,684,075</u>	<u>2,878,578</u>
EXPENDITURES	1,688,748	2,284,364	2,630,257	1,725,657	2,488,609
OTHER FINANCING SOURCES (USES)					
Operating Transfers In (Out)	(1,534,997)	(2,280,000)	(2,704,945)	(1,662,000)	(2,250,000)
Total Other Financing Sources (Uses)	<u>(1,534,997)</u>	<u>(2,280,000)</u>	<u>(2,704,945)</u>	<u>(1,662,000)</u>	<u>(2,250,000)</u>
NET CHANGE IN FUND BALANCES	153,751	4,364	(74,688)	63,657	238,609
Fund Balances - Beginning of Year	<u>416,295</u>	<u>570,046</u>	<u>574,410</u>	<u>499,722</u>	<u>563,379</u>
FUND BALANCES - END OF YEAR	<u>\$ 570,046</u>	<u>\$ 574,410</u>	<u>\$ 499,722</u>	<u>\$ 563,379</u>	<u>\$ 801,988</u>

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - DEBT SERVICE FUND
(UNAUDITED)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
REVENUES					
Property Taxes	\$ 3,401,842	\$ 3,625,090	\$ 3,761,958	\$ 4,519,548	\$ 5,379,123
Specific Ownership Taxes	290,789	353,162	357,135	494,706	578,719
In-Lieu Tax Fees	235	235	293	304	350
Investment Income	6,703	10,833	1,724	26,729	30,364
Total Revenues	<u>3,699,569</u>	<u>3,989,320</u>	<u>4,121,110</u>	<u>5,041,287</u>	<u>5,988,556</u>
EXPENDITURES					
County Treasurer's Fees	51,016	54,408	56,483	67,897	80,868
Debt Service	3,231,134	4,682,094	4,683,444	4,685,327	5,295,248
Total Expenditures	<u>3,282,150</u>	<u>4,736,502</u>	<u>4,739,927</u>	<u>4,753,224</u>	<u>5,376,116</u>
NET CHANGE IN FUND BALANCES	417,419	(747,182)	(618,817)	288,063	612,440
Fund Balances - Beginning of Year	<u>1,511,367</u>	<u>1,928,786</u>	<u>1,181,604</u>	<u>562,787</u>	<u>850,850</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,928,786</u>	<u>\$ 1,181,604</u>	<u>\$ 562,787</u>	<u>\$ 850,850</u>	<u>\$ 1,463,290</u>

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
(UNAUDITED)**

	2014	2015	2016	2017	2018
REVENUES					
Investment Income	\$ 10,610	\$ 11,721	\$ 21,185	\$ 76,891	\$ 490,305
Reimbursed Expenditures	-	-	754,226	2,774	42,372
Miscellaneous Income	-	-	3,287	5,000	48,066
Total Revenues	<u>10,610</u>	<u>11,721</u>	<u>778,698</u>	<u>84,665</u>	<u>580,743</u>
EXPENDITURES					
Bond Issuance Costs	-	-	-	340,729	-
Capital Outlay	2,644,278	2,623,511	1,352,276	1,927,482	1,893,545
Engineering and Consulting	-	-	-	-	-
Support Management	63,702	64,720	65,207	67,725	69,755
Total Expenditures	<u>2,707,980</u>	<u>2,688,231</u>	<u>1,417,483</u>	<u>2,335,936</u>	<u>1,963,300</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(2,697,370)	(2,676,510)	(638,785)	(2,251,271)	(1,382,557)
OTHER FINANCING SOURCES AND (USES)					
Bond Proceeds	-	-	-	14,720,000	-
Bond Premium	-	-	-	620,729	-
Gain on Conveyance of Water Capital	660,000	-	-	-	-
Operating Transfers In	1,725,000	2,130,000	2,588,945	1,512,000	2,100,000
Total Other Financing Sources	<u>2,385,000</u>	<u>2,130,000</u>	<u>2,588,945</u>	<u>16,852,729</u>	<u>2,100,000</u>
NET CHANGE IN FUND BALANCES	(312,370)	(546,510)	1,950,160	14,601,458	717,443
Fund Balances - Beginning of Year	<u>5,117,236</u>	<u>4,804,866</u>	<u>4,258,356</u>	<u>6,208,516</u>	<u>20,809,974</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,804,866</u>	<u>\$ 4,258,356</u>	<u>\$ 6,208,516</u>	<u>\$ 20,809,974</u>	<u>\$ 21,527,417</u>

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

**HISTORY OF ASSESSED VALUATIONS FOR THE DISTRICT
(UNAUDITED)**

Levy/ Collection Year	Property Within the District and the 2003-06 Excluded Property (Series 2011B Property)		1999 Excluded Property		Total (Series 2011A Property)
	Assessed Valuation	Percent Change	Assessed Valuation	Percent Change	Assessed Valuation
2013/2014	\$ 144,616,280	7.8%	\$ 12,672,042	36.0%	\$ 157,288,322
2014/2015	152,556,700	5.5%	13,135,690	3.7%	165,692,390
2015/2016	159,824,190	4.8%	17,976,330	36.9%	177,800,520
2016/2017	155,350,790	-2.8%	18,984,670	5.6%	174,335,460
2017/2018	190,588,200	22.7%	21,917,040	15.4%	212,505,240
2018/2019	189,831,740	-0.4%	22,001,230	0.4%	211,832,970

HISTORY OF MILL LEVIES FOR THE DISTRICT

Levy/ Collection Year	Property Within the District and the 2003-06 Excluded Property				1999 Excluded Property
	General Fund	Debt Service	Special Abatement	Total	Debt Service
2013/2014	24.000	22.000	-	46.000	22.000
2014/2015	27.000	22.000	-	49.000	22.000
2015/2016	29.000	21.000	-	50.000	21.000
2016/2017	24.000	25.000	-	49.000	25.000
2017/2018	24.250	25.260	-	49.510	25.260
2018/2019	24.250	25.260	-	49.510	25.260

**PROPERTY TAX COLLECTIONS FOR THE DISTRICT
(UNAUDITED)**

Levy/ Collection Year	Property Within the District and the 2003-06 Excluded Property			1999 Excluded Property		
	Taxes Levied	Current Tax Collections	Collection Rate	Taxes Levied	Current Tax Collections	Collection Rate
2012/2013	\$ 5,903,779	\$ 5,723,550	96.95%	\$ 195,723	\$ 195,723	100.00%
2013/2014	6,652,348	6,541,410	98.33%	278,785	273,096	97.96%
2014/2015	7,475,278	7,445,967	99.61%	288,985	288,985	100.00%
2015/2016	8,100,210	7,904,816	97.59%	389,762	389,763	100.00%
2016/2017	7,723,731	7,809,570	101.11%	488,247	488,248	100.00%
2017/2018	9,510,542	9,451,047	99.37%	562,194	556,105	98.92%

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

TEN LARGEST TAXPAYERS IN THE DISTRICT FOR 2018

Taxpayer Name	Assessed Valuation	Percentage of Total Assessed Valuation
Teletch Services Corporation	\$ 25,573,120	12.07%
AGNL Engineering LLC	21,513,300	10.16%
Western Union Company	19,144,410	9.04%
Echostar	17,159,930	8.10%
Liberty Property Holdings Inc	11,572,450	5.46%
Hauppauge LLC	10,905,350	5.15%
LEX Meridian LP	10,487,580	4.95%
Shea Properties	9,252,400	4.37%
M4 Maroon LLC	8,200,270	3.87%
St Paul Fire & Marine Insurance Company	7,735,520	3.65%
	<u>\$ 141,544,330</u>	<u>66.82%</u>

2018 ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT

Property Class	Property Within the District and the 2003-06 Excluded Property		1999 Excluded Property	
	Total Assessed Valuation	Percent of Total Assessed Valuation	Total Assessed Valuation	Percent of Total Assessed Valuation
Commercial	\$ 143,305,540	75.49%	\$ -	0.00%
Personal	38,548,140	20.31%	999,490	4.55%
Vacant	3,076,460	1.62%	2,050	0.01%
Industrial	4,749,050	2.50%	-	0.00%
State Assessed	21,600	0.01%	3,300	0.01%
Residential	97,300	0.05%	20,996,390	95.43%
Agricultural	33,540	0.02%	-	0.00%
Natural Resources	110	0.00%	-	0.00%
	<u>\$ 189,831,740</u>	<u>100.00%</u>	<u>\$ 22,001,230</u>	<u>100.00%</u>

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

SELECTED DEBT RATIOS OF THE DISTRICT

Direct Debt (Consisting of Bonds)	\$	78,630,000
Overlapping Debt (1)		8,000,899
Total Direct Debt and Overlapping Debt		<u>\$ 86,630,899</u>
2018 District Assessed Valuation	\$	211,832,970
Direct Debt to 2018 Assessed Valuation		37.1%
Direct Debt Plus Overlapping Debt to 2018 Assessed Valuation		40.9%
2018 District Estimated Statutory "Actual" Value (2)	\$	816,715,391
Direct Debt to 2018 Estimated Statutory "Actual" Value		9.6%
Direct Debt Plus Overlapping Debt to 2018 Estimated Statutory "Actual" Value		10.6%

- (1) Amount is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt.
- (2) Statutory "actual" value has been calculated using a statutory formula under which assessed valuation is calculated as 7.20% of the statutory "actual" value of residential property and 29% of the statutory "actual" value of all other classes of property (with certain specific exceptions). Statutory "actual" value is not intended to represent market value.

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT

Name of Overlapping Taxing entity (1)	2018 Assessed Valuation	Outstanding General Obligation Debt	Outstanding General Obligation Debt Chargeable to Properties Within the District (2)	
			Percent	Debt
Douglas County School District RE 1	\$ 6,438,835,604	\$ 236,690,000	3.29%	\$ 7,786,927
Southeast Public Improvement Metro District	2,658,165,994	2,685,000	7.97%	213,971
				<u>\$ 8,000,899</u>

Notes:

- (1) The following entities also overlap the District but have no reported general obligation debt outstanding: Cherry Creek Basin Water Quality Authority, Douglas County, Douglas County Law Enforcement Authority, Douglas County Conservation District, Douglas Public Library District, E470 Public Highway Authority, South Metro Fire Rescue Fire Protection District, Regional Transportation District, Urban Drainage and Flood Control District, and Urban Drainage and Flood Control District – S. Platte.
- (2) The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.