

**NORTH MERIDIAN METROPOLITAN
DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**NORTH MERIDIAN METROPOLITAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of North Meridian Metropolitan District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North Meridian Metropolitan District, as of December 31, 2020, and the respective changes in financial position 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.

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 and other information (together, the information) as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The 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.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
May 17, 2021

BASIC FINANCIAL STATEMENTS

**NORTH MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 5,222
Cash and Investments - Restricted	39,738
Due from Meridian Metropolitan District	2,250
Property Tax Receivable	11,204
Receivable - County Treasurer	109
Total Assets	58,523
LIABILITIES	
Due to Meridian Metropolitan District	3,437
Accrued Loan Interest Payable	3,256
Noncurrent Liabilities:	
Due in More Than One Year	645,810
Total Liabilities	652,503
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	11,204
Total Deferred Inflows of Resources	11,204
NET POSITION	
Restricted for:	
Emergency Reserves	310
Debt Service	12
Capital Projects	37,717
Unrestricted	(643,223)
Total Net Position	\$ (605,184)

See accompanying Notes to Basic Financial Statements.

**NORTH MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General Government	\$ 7,407	\$ -	\$ 9,000	\$ -	\$ 1,593
Dedication of Capital Assets	247,313	-	-	-	(247,313)
Interest on Long-Term Debt, Related Costs and Bond Settlement	59,189	-	-	-	(59,189)
Total Governmental Activities	\$ 313,909	\$ -	\$ 9,000	\$ -	(304,909)
GENERAL REVENUES					
Property Taxes					13,951
Specific Ownership Taxes					1,204
Net Investment Income					2,065
Special Items:					
Forgiveness and Cancellation of Debt					7,811,263
Total General Revenues					7,828,483
CHANGE IN NET POSITION					
					7,523,574
Net Position - Beginning of Year					(8,128,758)
NET POSITION - END OF YEAR					
					\$ (605,184)

See accompanying Notes to Basic Financial Statements.

**NORTH MERIDIAN METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 5,222	\$ -	\$ -	\$ 5,222
Cash and Investments - Restricted	310	1,711	37,717	39,738
Due from Meridian Metropolitan District	2,250	-	-	2,250
Property Taxes Receivable	111	11,093	-	11,204
Receivable - County Treasurer	8	101	-	109
Total Assets	\$ 7,901	\$ 12,905	\$ 37,717	\$ 58,523
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Due to Meridian Metropolitan District	\$ 1,637	\$ 1,800	\$ -	\$ 3,437
Total Liabilities	1,637	1,800	-	3,437
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	111	11,093	-	11,204
Total Deferred Inflows of Resources	111	11,093	-	11,204
FUND BALANCES				
Restricted for:				
Emergency Reserves	310	-	-	310
Debt Service	-	12	-	12
Capital Projects	-	-	37,717	37,717
Unassigned	5,843	-	-	5,843
Total Fund Balances	6,153	12	37,717	43,882
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,901	\$ 12,905	\$ 37,717	
Amounts reported for governmental activities in the statement of net position are different because:				
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Accrued Loan Interest Payable				(3,256)
Loan Payable				(645,810)
Net Position of Governmental Activities				\$ (605,184)

See accompanying Notes to Basic Financial Statements.

**NORTH MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
IGA Revenue (MMD)	\$ 9,000	\$ -	\$ -	\$ 9,000
Net Investment Income	7	32	2,026	2,065
Property Taxes	972	12,979	-	13,951
Specific Ownership Taxes	84	1,120	-	1,204
Total Revenues	<u>10,063</u>	<u>14,131</u>	<u>2,026</u>	<u>26,220</u>
EXPENDITURES				
Current				
Board Support	5,900	-	-	5,900
County Treasurer's Fees	15	195	-	210
Operating Expenses	1,041	-	-	1,041
Payroll Taxes	451	-	-	451
Debt Service				
Bond Interest	-	14,500	-	14,500
Bond Principal	-	646,810	-	646,810
Paying Agent Fees	-	1,800	-	1,800
Capital Outlay				
Capital Outlay	-	-	247,313	247,313
Total Expenditures	<u>7,407</u>	<u>663,305</u>	<u>247,313</u>	<u>918,025</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,656	(649,174)	(245,287)	(891,805)
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	645,810	-	645,810
Total Other Financing Sources (Uses)	<u>-</u>	<u>645,810</u>	<u>-</u>	<u>645,810</u>
NET CHANGE IN FUND BALANCES	2,656	(3,364)	(245,287)	(245,995)
Fund Balances - Beginning of Year	<u>3,497</u>	<u>3,376</u>	<u>283,004</u>	<u>289,877</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,153</u>	<u>\$ 12</u>	<u>\$ 37,717</u>	<u>\$ 43,882</u>

See accompanying Notes to Basic Financial Statements.

**NORTH 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, 2020**

Net Change in Fund Balances - Governmental Funds \$ (245,995)

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. During the current period, there were no depreciable assets. Therefore, this is the amount of capital outlay in the current period.

Capital Outlay	247,313
Dedication of Capital Assets	(247,313)

The issuance of long-term debt (e.g., bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Current Year Bond Principal Payments	646,810
Loan Issuance	(645,810)
Forgiveness and Cancellation of Debt - 2003 Bonds	7,811,263

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 and Loan Interest - Change in Liability	(42,694)
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Change in Net Position of Governmental Activities	\$ 7,523,574
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**NORTH MERIDIAN METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
IGA Revenue MMD	\$ 9,000	\$ 9,000	\$ -
Net Investment Income	66	7	(59)
Other Revenue	1,000	-	(1,000)
Property Taxes	972	972	-
Specific Ownership Taxes	87	84	(3)
Total Revenues	<u>11,125</u>	<u>10,063</u>	<u>(1,062)</u>
EXPENDITURES			
Board Support	6,500	5,900	600
Contingency	1,000	-	1,000
County Treasurer's Fees	15	15	-
Operating Expenses	1,106	1,041	65
Payroll Taxes	497	451	46
Total Expenditures	<u>9,118</u>	<u>7,407</u>	<u>1,711</u>
NET CHANGE IN FUND BALANCE	2,007	2,656	649
Fund Balance - Beginning of Year	<u>3,401</u>	<u>3,497</u>	<u>96</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,408</u>	<u>\$ 6,153</u>	<u>\$ 745</u>

See accompanying Notes to Basic Financial Statements.

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

North Meridian Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Douglas County on November 24, 2000, 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 assist in the funding, integration, and coordination of metropolitan district services and facilities within and without its boundaries, which consist of approximately 138 acres. The basic charge of the District is to pay debt and fund operations per the Regional Facilities Agreement described in Note 9. It will derive its revenue principally from 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 is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

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 except for the fiduciary activities. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. 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.

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The District amended its annual budget for the year ended December 31, 2020.

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.

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 inflows 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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental 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.

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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 invested in capital assets, net of related debt component of the District's net position.

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.

Deferred Inflows of Resources

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 government'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.

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.

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Unrestricted	\$ 5,222
Cash and Investments - Restricted	39,738
Total Cash and Investments	\$ 44,960

Cash and investments as of December 31, 2020, consist of the following:

Investments	\$ 44,960
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Deposits with Financial Institutions

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

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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

At December 31, 2020, the District had no cash deposits.

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 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.

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, 2020, 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	\$ 44,960

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

Upon completion, certain capital assets are transferred to Meridian Metropolitan District pursuant to a Regional Facilities Agreement. All other assets will be transferred to Douglas County for maintenance responsibilities upon completion and acceptance. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records.

The District transferred the public infrastructure improvements that it constructed 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.

A total of \$247,313 in capital expenditures were transferred to Meridian Metropolitan District for the year ending December 31, 2020.

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020:

	Balance - December 31, 2019	Additions	Reductions	Balance - December 31, 2020	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Series 2003 Bonds	\$ 7,235,000	\$ -	\$ 7,235,000	\$ -	\$ -
Series 2003 Bonds - Accrued Interest	1,183,635	53,938	1,237,573	-	-
Subtotal Bonds Payable	8,418,635	53,938	8,472,573	-	-
Notes from Direct Borrowings:					
Loan from Meridian Metropolitan District	-	645,810	-	645,810	-
Accrued Interest	-	3,256	-	3,256	-
Subtotal Notes from Direct Borrowings	-	649,066	-	649,066	-
Total Long-Term Obligations	\$ 8,418,635	\$ 703,004	\$ 8,472,573	\$ 649,066	\$ -

General Obligation Bonds

\$7,251,000 Limited Tax General Obligation Refunding Bonds, Series 2003, dated November 14, 2003, consists of bonds without coupons in authorized minimum denominations of \$500,000 with a London Interbank Offered Rate (LIBOR) variable interest rate, not to exceed 6.5%, due semi-annually on June 1 and December 1, beginning December 1, 2004, and principal due on December 1, 2021. The bonds are subject to prior redemption by the District. The entire bond issue was sold to a related party.

The bonds are secured and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) property taxes from the Limited Mill Levy, net of collection and Operations and Maintenance costs, 2) specific ownership taxes attributable to the Limited Mill Levy, and 3) any other legally available monies which the District determines to be treated as Pledged Revenue. Limited Mill Levy means an ad valorem mill levy imposed upon all taxable property in the District each year in an amount sufficient to pay the Operations and Maintenance Expenses and the principal and interest on the bonds as the same become due and payable, provided that the mill levy shall not exceed 50 mills. The District's total mill levy for 2020 collection was 50.

On December 26, 2020, the District entered into and executed a surrender, receipt, and waiver with the current Bondholder. In exchange for a settlement amount paid by the District of \$645,810, the Bondholder surrendered the original Bond Obligation due by the District and at that time waived, released, and relinquished the District's requirement for repayment of any outstanding balances under the Bond Obligation.

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Intergovernmental Agreement

On December 8, 2020, The District entered into an Intergovernmental Agreement with Meridian Metropolitan District. Under the Intergovernmental Agreement, Meridian Metropolitan District advanced the District \$645,810 to fund the District's settlement of the Series 2003 General Obligation Bonds. Starting in 2021, the District will certify a debt mill levy of no less than 40 mills and all amounts received from this levy will be used to repay the outstanding advance plus interest of 8.0% per annum until December 31, 2060.

Authorized Debt

On November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$160,000,000 at a maximum net effective interest rate not to exceed 15% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Debt Authorized November 7, 2000 Election	Authorization Used - Series 2003 Bonds	Remaining Authorization
Street Improvements	\$ 10,000,000	\$ 4,500,000	\$ 5,500,000
Parks and Recreation	10,000,000	-	10,000,000
Sewer	10,000,000	950,000	9,050,000
Water	10,000,000	950,000	9,050,000
Transportation	10,000,000	-	10,000,000
Traffic and Safety	10,000,000	600,000	9,400,000
Refunding	100,000,000	251,000	99,749,000
Total	<u>\$ 160,000,000</u>	<u>\$ 7,251,000</u>	<u>\$ 152,749,000</u>

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. The Service Plan sets the total maximum bond debt authority at \$10,000,000.

NOTE 6 NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

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, 2020, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 310
Debt Service	12
Capital Projects	37,717
Total Restricted Net Position	<u>\$ 38,039</u>

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities 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 the 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, may perform certain maintenance and management functions for the District. The District did not incur any related costs directly to the Developer during 2020. However, amounts were paid to Meridian Metropolitan District pursuant to the Regional Facilities agreement. Meridian Metropolitan District has contracted with the Developer to provide certain management and maintenance functions.

NOTE 8 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 personnel; or natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2020. 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.

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 REGIONAL FACILITIES AGREEMENT

The District entered into a Regional Facilities Agreement, dated January 1, 2001, with Meridian Metropolitan District. The agreement calls for Meridian Metropolitan District to provide operation and maintenance services to the District for all facilities described in the agreement, as well as construction and administrative services for the District. The District pays Meridian Metropolitan District for the services according to terms outlined in the agreement. Also, according to the terms of the agreement, Meridian Metropolitan District shall assume ownership of these facilities. The agreement remains in full force and effect until terminated by either party upon the provision of one year's written notice, provided however that the District remains liable for obligations of the District existing at the time of termination. The net amount due to Meridian Metropolitan District as of December 31, 2020, was \$1,187.

NOTE 10 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.

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, 2000, a majority of the District's electors authorized the District to collect or retain whatever amount is collected annually from any revenue sources, including, but not limited to, ad valorem taxes, tap fees, facility fees, service charges, inspection charges, administrative charges, grants, or any other fee, rate, toll, penalty, income, or charges imposed, collected, or authorized by law to be imposed or collected by the District, 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, will require judicial interpretation.

**NORTH MERIDIAN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 SUBSEQUENT EVENTS

The District entered into a Consolidation Agreement, dated May 11, 2021, with Meridian Metropolitan District, to form a single consolidated District, Meridian Metropolitan District (Consolidated District) by December 31, 2021. The Consolidated District will provide the same services and fulfill the same obligations as the District and Meridian Metropolitan District without material change. Upon consolidation, the District's Intergovernmental Agreement with Meridian Metropolitan District will be forgiven and all assets and liabilities of the District will be assumed by the Consolidated District.

SUPPLEMENTARY INFORMATION

**NORTH MERIDIAN METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ 150	\$ 45	\$ 32	\$ (13)
Other Revenue	1,000	-	-	-
Property Taxes	12,979	12,979	12,979	-
Specific Ownership Taxes	1,168	1,168	1,120	(48)
Total Revenues	<u>15,297</u>	<u>14,192</u>	<u>14,131</u>	<u>(61)</u>
EXPENDITURES				
Bond Interest	12,002	14,500	14,500	-
Bond Principal	1,000	651,000	646,810	4,190
Contingency	1,000	773	-	773
County Treasurer's Fees	195	195	195	-
Paying Agent Fees	1,100	1,100	1,800	(700)
Total Expenditures	<u>15,297</u>	<u>667,568</u>	<u>663,305</u>	<u>4,263</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(653,376)	(649,174)	4,202
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	650,000	645,810	(4,190)
Total Other Financing Sources (Uses)	<u>-</u>	<u>650,000</u>	<u>645,810</u>	<u>(4,190)</u>
NET CHANGE IN FUND BALANCE	-	(3,376)	(3,364)	12
Fund Balance - Beginning of Year	<u>-</u>	<u>3,376</u>	<u>3,376</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>

**NORTH MERIDIAN METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET
AND ACTUAL
DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 6,000	\$ 2,026	\$ (3,974)
Total Revenues	<u>6,000</u>	<u>2,026</u>	<u>(3,974)</u>
EXPENDITURES			
Capital Outlay	289,425	247,313	42,112
Total Expenditures	<u>289,425</u>	<u>247,313</u>	<u>42,112</u>
NET CHANGE IN FUND BALANCE	(283,425)	(245,287)	38,138
Fund Balance - Beginning of Year	<u>283,425</u>	<u>283,004</u>	<u>(421)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 37,717</u>	<u>\$ 37,717</u>

OTHER INFORMATION

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Fund	Debt Service Fund	Levied	Collected	
2016	\$ 283,020	10.000	39.000	\$ 11,913	\$ 11,913	100.00 %
2017	295,850	10.000	39.000	12,413	12,413	100.00
2018	302,350	10.000	40.000	13,025	13,025	100.00
2019	340,920	10.000	40.000	14,568	14,568	100.00
2020	324,470	10.000	40.000	13,951	13,951	100.00

Estimated for the
Year Ending
December 31,

2021	\$ 1,107,910 (1)	10.000	40.000	\$ 11,204		
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NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

1 - A significant portion of the assessed valuation increase from 2020 to 2021 was due to a related party property that was pending tax-exempt status from the County.