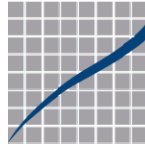


MERIDIAN RANCH METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Meridian Ranch Metropolitan District

El Paso County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Meridian Ranch Metropolitan District ("District") as of and for the year ended December 31, 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 the District as of December 31, 2020, the respective changes in financial position and the respective 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

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 identified in the table of contents, is presented for purposes of 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 30, 2021

BASIC FINANCIAL STATEMENTS

MERIDIAN RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 554,715
Cash and investments - restricted	5,284,621
Receivable from County Treasurer	17,654
Due from Meridian Service Metropolitan District	34,000
Other receivable	50,000
Property taxes receivable	2,161,011
Total assets	8,102,001
<u>LIABILITIES</u>	
Accounts payable	4,117
Interest payable	161,992
Noncurrent liabilities:	
Due within one year	1,395,000
Due in more than one year	59,290,000
Total liabilities	60,851,109
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred property tax revenues	2,161,011
Total deferred inflows of resources	2,161,011
<u>NET POSITION</u>	
Restricted for:	
Emergency reserve	1,733
Debt service	6,809,496
Unrestricted	(61,721,348)
Total net position	\$ (54,910,119)

The accompanying notes and independent auditor's report
should be read with this financial statement.

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

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Rev</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Changes in Net Pos</u>
					<u>Governmental Activities</u>
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
General government	\$ 4,517,170	\$ -	\$ 6,218,300	\$ -	\$ 1,701,130
Interest and related costs on long-term debt	2,171,210	-	-	-	(2,171,210)
Total primary government	<u>\$ 6,688,380</u>	<u>\$ -</u>	<u>\$ 6,218,300</u>	<u>\$ -</u>	<u>(470,080)</u>
GENERAL REVENUES					
Property taxes					2,014,059
Specific ownership taxes					218,946
Investment income					15,171
Total general revenues					<u>2,248,176</u>
Change in net position					1,778,096
Net position, beginning of year					<u>(56,688,215)</u>
Net position, end of year					<u>\$ (54,910,119)</u>

The accompanying notes and independent auditor's report
should be read with this financial statement.

**MERIDIAN RANCH METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General Fund	Conservation Trust	Debt Service	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 10,715	\$ -	\$ 544,000	\$ 554,715
Cash and investments - restricted	684,033	-	4,600,588	5,284,621
Other receivable	-	-	50,000	50,000
Due from Meridian Service Metropolitan District	-	-	34,000	34,000
Receivable from County Treasurer	3,531	-	14,123	17,654
Property taxes receivable	432,234	-	1,728,777	2,161,011
Due from other funds	1,701	-	-	1,701
Total assets	<u>\$ 1,132,214</u>	<u>\$ -</u>	<u>\$ 6,971,488</u>	<u>8,103,702</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 4,117	\$ -	\$ -	4,117
Due to other funds	1,701	-	-	1,701
Total liabilities	<u>5,818</u>	<u>-</u>	<u>-</u>	<u>5,818</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred property tax revenues	432,234	-	1,728,777	2,161,011
Total deferred inflows of resources	<u>432,234</u>	<u>-</u>	<u>1,728,777</u>	<u>2,161,011</u>
<u>FUND BALANCE</u>				
Restricted for:				
Emergency reserve	1,733	-	-	1,733
Debt service	-	-	5,242,711	5,242,711
Unrestricted	692,429	-	-	692,429
Total fund balances	<u>694,162</u>	<u>-</u>	<u>5,242,711</u>	<u>5,936,873</u>
Total liabilities and fund balances	<u>\$ 1,132,214</u>	<u>\$ -</u>	<u>\$ 6,971,488</u>	

Amounts reported in 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:

Interest payable	(161,992)
Bonds payable	(60,685,000)
Net position of governmental activities	<u>\$ (54,910,119)</u>

The accompanying notes and independent auditor's report
should be read with this financial statement.

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

	General Fund	Conservation Trust	Debt Service Projects	Total Governmental Funds
REVENUES				
Property taxes	\$ 402,841	\$ -	\$ 1,611,218	\$ 2,014,059
Specific ownership taxes	43,789	-	175,157	218,946
Conservation trust funds	-	30,300	-	30,300
Investment income	4,795	-	10,376	15,171
Total revenues	451,425	30,300	1,796,751	2,278,476
EXPENDITURES				
Management and accounting	18,968	-	-	18,968
County Treasurer fees	6,046	-	24,182	30,228
Directors fees	6,900	-	-	6,900
Dues and subscriptions	552	-	-	552
Election	2,238	-	-	2,238
Insurance and bonds	4,652	-	-	4,652
Payroll taxes	528	-	-	528
Professional fees	16,634	-	-	16,634
Miscellaneous	1,231	-	736	1,967
Debt service:				
Interest	-	-	2,176,017	2,176,017
Principal	-	-	1,310,000	1,310,000
Paying agent fees	-	-	200	200
Total expenditures	57,749	-	3,511,135	3,568,884
Excess of revenues over (under) expenditures	\$ 393,676	\$ 30,300	\$(1,714,384)	\$(1,290,408)

The accompanying notes and independent auditor's report
should be read with this financial statement.

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

	<u>General Fund</u>	<u>Conservation Trust</u>	<u>Debt Service Projects</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Intergovernmental revenues -				
Meridian Service Metro District	\$ -	\$ -	\$ 6,188,000	\$ 6,188,000
Intergovernmental expenses -				
Meridian Service Metro District	(220,000)	(30,300)	(4,184,000)	(4,434,300)
Transfer from (to) other funds	(18,307)	-	18,307	-
Total other financing sources (uses)	(238,307)	(30,300)	2,022,307	1,753,700
Net change in fund balances	155,369	-	307,923	463,292
Fund balances, beginning of year	538,793	-	4,934,788	5,473,581
Fund balances, end of year	\$ 694,162	\$ -	\$ 5,242,711	\$ 5,936,873

The accompanying notes and independent auditor's report
should be read with this financial statement.

**MERIDIAN RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - total governmental funds	\$	463,292
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Amounts reported for governmental activities in the statement of activities are different because:

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

Principal payments on bonds		1,310,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Interest payable - change in liability		4,804
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Change in net position of governmental activities	\$	1,778,096
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The accompanying notes and independent auditor's report
should be read with this financial statement.

**MERIDIAN RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Property taxes	\$ 402,893	\$ 402,841	\$ (52)
Specific ownership taxes	32,206	43,789	11,583
Investment income	8,500	4,795	(3,705)
Total revenues	443,599	451,425	7,826
<u>EXPENDITURES</u>			
Management and accounting	30,000	18,968	11,032
County Treasurer fees	6,043	6,046	(3)
Directors fees	6,000	6,900	(900)
Dues and subscriptions	1,500	552	948
Election	1,500	2,238	(738)
Insurance and bonds	5,000	4,652	348
Payroll taxes	400	528	(128)
Professional fees	38,000	16,634	21,366
Miscellaneous	1,000	1,231	(231)
Total expenditures	89,443	57,749	31,694
<u>OTHER FINANCING SOURCES (USES)</u>			
Intergovernmental expenses - Meridian Service Metro District	(220,000)	(220,000)	-
Transfer from (to) other funds	-	(18,307)	(18,307)
Total other financing sources (uses)	(220,000)	(238,307)	(18,307)
Net change in fund balance	\$ 134,156	155,369	\$ 21,213
Fund balance, beginning of year		538,793	
Fund balance, end of year		\$ 694,162	

The accompanying notes and independent auditor's report
should be read with this financial statement.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. DEFINITION OF REPORTING ENTITY

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

The District follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement focus, basis of accounting and financial statement position

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for property and equipment are shown as increases in assets and redemptions of bonds, notes and developer advances are recorded as reduction in liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. The major sources of revenue subject to accrual are property taxes, specific ownership taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

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

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

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

Budgets

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

During the year ended December 31, 2020, the District modified the appropriation in the debt service fund.

Pooled cash and investments

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

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 assess the property tax obligation of the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or at the taxpayers election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The county treasurer remits the taxes collected 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 deferred inflows of resources related to property tax revenues are recorded as revenues in the year they are available or collected.

Deferred inflows of resources

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

Fund balances

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

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

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (continued)

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

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

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

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

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

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 554,715
Cash and investments - restricted	<u>5,284,621</u>
Total cash and investments	<u><u>\$ 5,839,336</u></u>

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

Deposits with financial institutions	\$ 554,715
Investments	<u>5,284,621</u>
	<u><u>\$ 5,839,336</u></u>

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits.

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

As of December 31, 2020, the District's cash deposits had a bank balance of \$554,808 and a book balance of \$554,715.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

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

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

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 and certain United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2020, the Districts had the following in investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colotrust Plus+	Weighted average under one year	\$ 684,033
Governmental money markets	Weighted average under 60 days	<u>4,600,588</u>
		<u>\$ 5,284,621</u>

Colotrust

During 2020, the District invested in the Colorado Local Government Liquid Asset Trust ("Colotrust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all state statutes governing Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00.

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. CASH AND INVESTMENTS (CONTINUED)

Colotrust (continued)

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

Governmental money markets

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

4. LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2020:

	Balance 1/1/2020	Additions	Repayments/ Accretion	Balance 12/31/2020	Due within one year
Bonds payable:					
Series 2008	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000	\$ -
Loans:					
Series 2013	28,220,000	-	(960,000)	27,260,000	990,000
Series 2014	3,075,000	-	(100,000)	2,975,000	105,000
Series 2018	23,700,000	-	(250,000)	23,450,000	300,000
	<u>\$61,995,000</u>	<u>\$ -</u>	<u>\$ (1,310,000)</u>	<u>\$ 60,685,000</u>	<u>\$ 1,395,000</u>

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LONG-TERM OBLIGATIONS (CONTINUED)

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

2008 Series Bonds

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

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

2013 Series Loan

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

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

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

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MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LONG-TERM OBLIGATIONS (CONTINUED)

2013 Series Loan (continued)

The Series 2013 Loan requires a reserve fund to be held and administered by the custodian as long as the loan is outstanding in whole or in part. The reserve fund constitutes a trust fund held for the benefit of the lender and the owner of the loan and the money in such fund shall be disbursed only in accordance with the loan agreement. The current reserve fund requirement is \$890,000. The balance in the reserve fund as of December 31, 2020 totaled \$1,411,633.

2014 Series Loan

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

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

2018 Series Loan

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

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

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MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LONG-TERM OBLIGATIONS (CONTINUED)

2018 Series Loan (continued)

The custodian is required to apply pledged revenues and other collateral in the following order of priority: (1) to the credit of the loan payment fund, (2) to the credit of the reserve fund, (3) to the credit of such fund or account as may be designated by the lender and (4) to the credit of any other fund or account as may be designated by the District. The custodian is to hold and administer the loan payment fund, a trust fund held for the benefit of the owners of the loans, and the money in such fund is to be disbursed only in accordance with the custodial agreement. After making the required 2020 debt payments, the balance in the loan payment fund at December 31, 2020 was \$3,188,955.

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

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

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

	Principal	Interest	Total
2021	\$ 1,395,000	\$ 2,121,694	\$ 3,516,694
2022	1,520,000	2,077,019	3,597,019
2023	4,035,000	2,396,505	6,431,505
2024	1,190,000	2,516,016	3,706,016
2025	1,290,000	2,455,439	3,745,439
2026-2030	27,165,000	11,078,063	38,243,063
2031-2035	9,095,000	5,674,567	14,769,567
2036-2040	10,040,000	2,966,732	13,006,732
2041-2042	4,955,000	441,092	5,396,092
	\$ 60,685,000	\$ 31,727,127	\$ 92,412,127

See independent auditor's report

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. NET POSITION

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

Restricted assets include net assets 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 assets as of December 31, 2020 as follows:

Restricted net position	
Emergency reserve (Note 10)	\$ 1,733
Debt service (Note 4)	<u>6,809,496</u>
Total restricted net position	<u><u>\$ 6,811,229</u></u>

The District's unrestricted net deficit as of December 31, 2020, totaled \$61,721,348. This deficit amount is primarily as result of the District being responsible for the financing and repayment of bonds issued for public improvements constructed by Meridian Service pursuant to an intergovernmental agreement.

6. AGREEMENTS

Pursuant to a facilities fee agreement dated January 18, 2006, entered into between the Districts and GTL Development, Inc. ("Land Owner"), the Land Owner has agreed to guarantee the payment of any shortfall in scheduled collections of facilities fees by the Districts. Any shortfall not paid by the required payment date is subject to reimbursement with simple interest, from the due date, at a percentage rate of 12% per annum. As shortfalls are remedied, any advances from the Land Owner are to be repaid.

7. INTERGOVERNMENTAL AGREEMENTS

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

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MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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

To assist in the repayment of the District's debt, Meridian Service is required to transfer revenues collected from facilities fees and user fees to the District (with the exception of Latigo Trails tap fees). During 2020, the District recorded an intergovernmental revenue of \$6,188,000 from Meridian Service to assist in the repayment of debt issued by the District.

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

8. RELATED PARTIES

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

9. RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members.

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

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MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. TAX, SPENDING AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualifications as an enterprise will require judicial interpretation.

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SUPPLEMENTARY INFORMATION

**MERIDIAN RANCH METROPOLITAN DISTRICT
 CONSERVATION TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2020**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Conservation trust funds	\$ 37,000	\$ 30,300	\$ (6,700)
Total revenues	37,000	30,300	(6,700)
Excess of revenues over (under) expenditures	37,000	30,300	(6,700)
<u>OTHER FINANCING SOURCES (USES)</u>			
Intergovernmental expenses - Meridian Service Metro District	(37,000)	(30,300)	6,700
Transfer from (to) other funds	-	-	-
Total other financing sources (uses)	(37,000)	(30,300)	6,700
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See independent auditor's report.

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

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$1,611,427	\$ 1,611,427	\$ 1,611,218	\$ (209)
Specific ownership taxes	128,824	128,824	175,157	46,333
Investment income	15,000	15,000	10,376	(4,624)
Total revenues	1,755,251	1,755,251	1,796,751	41,500
<u>EXPENDITURES</u>				
County Treasurer fees	24,171	24,171	24,182	(11)
Miscellaneous	1,000	1,000	736	264
Debt service:				
Interest	2,181,020	2,181,020	2,176,017	5,003
Principal	1,310,000	1,310,000	1,310,000	-
Paying agent fees	1,000	1,000	200	800
Total expenditures	3,517,191	3,517,191	3,511,135	6,056
Excess of revenues over (under) expenditures	(1,761,940)	(1,761,940)	(1,714,384)	47,556
<u>OTHER FINANCING SOURCES (USES)</u>				
Intergovernmental revenues - Meridian Service Metro District	3,485,000	3,485,000	6,188,000	2,703,000
Intergovernmental expenses - Meridian Service Metro District	(750,000)	(4,200,000)	(4,184,000)	16,000
Transfer from (to) other funds	-	-	18,307	18,307
Total other financing sources	2,735,000	(715,000)	2,022,307	2,737,307
Net change in fund balance	\$ 973,060	\$ (2,476,940)	307,923	\$ 2,784,863
Fund balance, beginning of year			4,934,788	
Fund balance, end of year			\$ 5,242,711	

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