

MERIDIAN METROPOLITAN DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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September 26, 2018

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Meridian Metropolitan District (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Meridian Metropolitan District, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Fiscal Focus Partners, LLC

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Fiscal Focus Partners, LLC

Lakewood, Colorado
September 24, 2018

BASIC FINANCIAL STATEMENTS

MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and investments	\$ 21,487,695	\$ 6,805,144	\$ 28,292,839
Cash and investments - Restricted	942,696	-	942,696
Receivable - County Treasurer	60,280	-	60,280
Accounts receivable	4,073	349,078	353,151
Prepaid expense	2,825	-	2,825
Due from other governments	146,920	-	146,920
Property taxes receivable	10,072,736	-	10,072,736
Capital assets, not being depreciated	4,034,207	-	4,034,207
Capital assets, net	<u>3,308,365</u>	<u>24,556,176</u>	<u>27,864,541</u>
Total assets	<u>40,059,797</u>	<u>31,710,398</u>	<u>71,770,195</u>
DEFERRED OUTFLOWS OF RESOURCES			
Cost of refunding, net	<u>836,038</u>	<u>-</u>	<u>836,038</u>
Total deferred outflows of resources	<u>836,038</u>	<u>-</u>	<u>836,038</u>
LIABILITIES			
Accounts payable	411,286	459,602	870,888
Due to other governments	9,000	-	9,000
Deposits	-	135,250	135,250
Accrued interest payable	308,679	-	308,679
Noncurrent liabilities			
Due within one year	1,590,000	-	1,590,000
Due in more than one year	<u>78,575,529</u>	<u>-</u>	<u>78,575,529</u>
Total liabilities	<u>80,894,494</u>	<u>594,852</u>	<u>81,489,346</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	<u>10,072,736</u>	<u>-</u>	<u>10,072,736</u>
Total deferred inflows of resources	<u>10,072,736</u>	<u>-</u>	<u>10,072,736</u>
NET POSITION			
Net investment in capital assets	-	24,556,176	24,556,176
Restricted for:			
Emergency reserve	129,000	-	129,000
Debt service	542,171	-	542,171
Unrestricted	<u>(50,742,566)</u>	<u>6,559,370</u>	<u>(44,183,196)</u>
Total net position	<u><u>\$ (50,071,395)</u></u>	<u><u>\$ 31,115,546</u></u>	<u><u>\$ (18,955,849)</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 3,494,735	\$ 24,750	\$ 130,980	\$ 2,774	\$ (3,336,231)	\$ -	\$ (3,336,231)
Transfer of capital assets to the Enterprise Fund	3,744,831	-	-	-	(3,744,831)	-	(3,744,831)
Interest on long-term debt and related costs	3,406,243	-	-	-	(3,406,243)	-	(3,406,243)
	<u>\$ 10,645,809</u>	<u>\$ 24,750</u>	<u>\$ 130,980</u>	<u>\$ 2,774</u>	<u>(10,487,305)</u>	<u>-</u>	<u>(10,487,305)</u>
Business-type activities:							
Water/sewer facilities	\$ 5,228,591	\$ 5,493,330	\$ -	\$ 3,744,831	-	4,009,570	4,009,570
	<u>\$ 5,228,591</u>	<u>\$ 5,493,330</u>	<u>\$ -</u>	<u>\$ 3,744,831</u>	<u>-</u>	<u>4,009,570</u>	<u>4,009,570</u>
General revenues:							
Property taxes					8,297,818	-	8,297,818
Specific ownership taxes					899,546	-	899,546
Net investment income					152,795	49,629	202,424
Other revenues					27,021	38,637	65,658
Assets dedicated from other entities					857,007	-	857,007
Transfers					(150,000)	150,000	-
Total general revenues and transfers					<u>10,084,187</u>	<u>238,266</u>	<u>10,322,453</u>
Change in net position					(403,118)	4,247,836	3,844,718
Net position - Beginning					<u>(49,668,277)</u>	<u>26,867,710</u>	<u>(22,800,567)</u>
Net position - Ending					<u>\$ (50,071,395)</u>	<u>\$ 31,115,546</u>	<u>\$ (18,955,849)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**MERIDIAN METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments	\$ 454,642	\$ -	\$ 21,033,053	\$ 21,487,695
Cash and investments - Restricted	129,000	813,696	-	942,696
Receivable - County Treasurer	27,129	33,150	1	60,280
Accounts receivable	4,073	-	-	4,073
Due from North Meridian	973	704	6,244	7,921
Due from South Meridian	135,699	3,300	-	138,999
Prepaid expense	2,825	-	-	2,825
Property taxes receivable	4,660,206	5,412,530	-	10,072,736
TOTAL ASSETS	\$ 5,414,547	\$ 6,263,380	\$ 21,039,298	\$ 32,717,225
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 186,462	\$ -	\$ 224,824	\$ 411,286
Due to North Meridian	4,500	-	4,500	9,000
Total liabilities	190,962	-	229,324	420,286
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	4,660,206	5,412,530	-	10,072,736
Total deferred inflows of resources	4,660,206	5,412,530	-	10,072,736
FUND BALANCES				
Nonspendable				
Prepaid expense	2,825	-	-	2,825
Restricted for:				
Emergency reserves	129,000	-	-	129,000
Debt service	-	850,850	-	850,850
Assigned to:				
Subsequent year's expenditures	27,452	-	-	27,452
Capital projects	-	-	20,809,974	20,809,974
Unassigned	404,102	-	-	404,102
Total fund balances	563,379	850,850	20,809,974	22,224,203
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,414,547	\$ 6,263,380	\$ 21,039,298	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,342,572
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
Cost of refunding, net	836,038
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued bond interest payable	(308,679)
Bonds payable, net of discount and premium	(80,165,529)
Net position of governmental activities	\$ (50,071,395)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$3,778,270	\$4,519,548	\$ -	\$ 8,297,818
Specific ownership taxes	404,840	494,706	-	899,546
Intergovernmental	130,980	-	-	130,980
Building lease	24,750	-	-	24,750
In-lieu tax fees	101	304	-	405
Investment income	49,175	26,729	76,891	152,795
Reimbursed expenditures	7,606	-	2,774	10,380
Other income	14,010	-	5,000	19,010
Total revenues	<u>4,409,732</u>	<u>5,041,287</u>	<u>84,665</u>	<u>9,535,684</u>
EXPENDITURES				
Accounting	34,558	-	-	34,558
Audit	7,850	-	-	7,850
Board support	8,738	-	-	8,738
Bond issuance costs	-	-	340,729	340,729
Community events	41,480	-	-	41,480
Contract services	169,521	-	-	169,521
Contingency	20,719	-	-	20,719
Dues and subscriptions	16,682	-	-	16,682
Electric and gas	46,711	-	-	46,711
Engineering and consulting	67,417	-	-	67,417
Insurance	40,327	-	-	40,327
Interest expense - Property tax abatements	-	1,883	-	1,883
Irrigation (SMMD)	13,359	-	-	13,359
Legal	15,984	-	-	15,984
Materials	110,330	-	-	110,330
Office overhead	37,765	-	-	37,765
Operational support	1,995,442	-	-	1,995,442
Payroll tax	444	-	-	444
Support management	-	-	67,725	67,725
County Treasurer's fees	56,748	67,897	-	124,645
Debt service	-	4,683,444	-	4,683,444
Capital expenditures	-	-	1,927,482	1,927,482
Total expenditures	<u>2,684,075</u>	<u>4,753,224</u>	<u>2,335,936</u>	<u>9,773,235</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,725,657</u>	<u>288,063</u>	<u>(2,251,271)</u>	<u>(237,551)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	14,720,000	14,720,000
Bond premium	-	-	620,729	620,729
Transfers in (out)	(1,662,000)	-	1,512,000	(150,000)
Total other financing sources (uses)	<u>(1,662,000)</u>	<u>-</u>	<u>16,852,729</u>	<u>15,190,729</u>
NET CHANGE IN FUND BALANCES	63,657	288,063	14,601,458	14,953,178
FUND BALANCES - BEGINNING OF YEAR	<u>499,722</u>	<u>562,787</u>	<u>6,208,516</u>	<u>7,271,025</u>
FUND BALANCES - END OF YEAR	<u>\$ 563,379</u>	<u>\$ 850,850</u>	<u>\$ 20,809,974</u>	<u>\$ 22,224,203</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**MERIDIAN METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds \$ 14,953,178

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

Capital outlay	1,653,607
Depreciation expense	(128,331)
Capital assets dedicated from other entities	857,007
Transfer to the Enterprise Fund	(3,744,831)

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

Bond issuance - Series 2017	(14,720,000)
Bond premium	(620,729)
Bond principal - current year	1,545,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued bond interest payable - Change in liability	(47,188)
Amortization of bond discount	(45,169)
Amortization of cost of bond refunding	<u>(105,662)</u>

Changes in net position of governmental activities \$ (403,118)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**MERIDIAN METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 3,786,130	\$ 3,778,270	\$ (7,860)
Specific ownership taxes	340,750	404,840	64,090
Intergovernmental (SMMD)	135,528	130,007	(5,521)
Intergovernmental (NMMD)	991	973	(18)
In-lieu tax fees	113	101	(12)
Building lease	24,750	24,750	-
Other income	-	14,010	14,010
Interest income	-	49,175	49,175
Reimbursed expenditures	14,000	7,606	(6,394)
Total revenues	<u>4,302,262</u>	<u>4,409,732</u>	<u>107,470</u>
EXPENDITURES			
Accounting	33,500	34,558	(1,058)
Audit	8,000	7,850	150
Board support	15,000	8,738	6,262
Community events	-	41,480	(41,480)
Contract services	222,500	169,521	52,979
Contingency	50,000	20,719	29,281
Dues and subscriptions	30,000	16,682	13,318
Electric and gas	80,000	46,711	33,289
Engineering and consulting	15,000	67,417	(52,417)
Insurance	36,200	40,327	(4,127)
Irrigation (SMMD)	45,000	13,359	31,641
Legal	25,000	15,984	9,016
Materials	147,000	110,330	36,670
Office overhead	35,000	37,765	(2,765)
Operational support	2,026,500	1,995,442	31,058
Payroll tax	450	444	6
County Treasurer's fees	56,790	56,748	42
Total expenditures	<u>2,825,940</u>	<u>2,684,075</u>	<u>141,865</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,476,322</u>	<u>1,725,657</u>	<u>249,335</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(1,522,000)</u>	<u>(1,662,000)</u>	<u>(140,000)</u>
Total other financing sources (uses)	<u>(1,522,000)</u>	<u>(1,662,000)</u>	<u>(140,000)</u>
NET CHANGE IN FUND BALANCES	(45,678)	63,657	109,335
FUND BALANCES - BEGINNING OF YEAR	<u>552,303</u>	<u>499,722</u>	<u>(52,581)</u>
FUND BALANCES - END OF YEAR	<u>\$ 506,625</u>	<u>\$ 563,379</u>	<u>\$ 56,754</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2017**

	Enterprise
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 6,599,862
Cash and investments - DCC	205,282
Accounts receivable	349,078
Total current assets	7,154,222
 CAPITAL ASSETS	
Water system	10,892,368
Wells	7,196,271
Wastewater treatment plant	9,742,900
Sewer system	9,481,050
Storm water system	3,082,378
Less accumulated depreciation	(15,838,791)
Total capital assets	24,556,176
 TOTAL ASSETS	
	\$ 31,710,398
 LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	\$ 459,602
DCC security deposits	135,250
Total current liabilities	594,852
 NET POSITION	
Net investment in capital assets	24,556,176
Unrestricted	6,559,370
Total net position	31,115,546
 TOTAL LIABILITIES AND NET POSITION	
	\$ 31,710,398

These financial statements should be read only in connection with
the accompanying notes to financial statements.

MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2017

	Enterprise
OPERATING REVENUES	
Service charges	\$ 5,126,952
Lease payments	326,428
Total operating revenues	5,453,380
 OPERATING EXPENSES	
Cost of services	
Contract services	1,117,870
Electric and gas	724,658
Operational support	855,189
Water purchase/lease	7,370
Administration and general expenses	
Accounting	34,558
Audit	7,850
Dues and subscriptions	4,838
Engineering and consulting	232,636
Insurance	40,085
Legal	43,031
Materials and supplies	416,700
Office overhead	18,060
Capital expenses	435,111
Support management	125,775
Depreciation	996,458
Total operating expenses	5,060,189
OPERATING INCOME	393,191
 NONOPERATING REVENUES AND EXPENSES	
DCC fees	39,950
Interest income	49,629
Other income	38,637
DCC expenditures	(168,402)
Total nonoperating revenues and expenses	(40,186)
OTHER FINANCING SOURCES (USES)	
Contributed facilities	3,744,831
Transfers in (out)	150,000
Total other financing sources (uses)	3,894,831
 CHANGE IN NET POSITION	4,247,836
TOTAL NET POSITION - BEGINNING OF YEAR	26,867,710
TOTAL NET POSITION - END OF YEAR	\$ 31,115,546

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**MERIDIAN METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2017**

	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 5,392,392
Payments to suppliers	(3,972,986)
Other receipts	326,428
Net cash provided (required) by operating activities	1,745,834
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other revenue	(51,163)
Other expenses	(168,402)
Transfers in (out)	150,000
Net cash provided (required) by noncapital financing activities	(69,565)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	49,629
Net cash provided (required) by investing activities	49,629
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,725,898
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,079,246
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,805,144
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	\$ 393,191
Adjustments to reconcile operating (loss) to net cash provided (required) by operating activities	
Depreciation	996,458
(Increase) decrease in:	
Accounts receivable	265,440
Prepaid expense	40,206
Increase (decrease) in:	
Accounts payable	50,539
Net cash provided (required) by operating activities	\$ 1,745,834

These financial statements should be read only in connection with the accompanying notes to financial statements.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

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

The District has no employees and contracts for all of its management and professional services.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major proprietary fund:

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

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

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

Budgets

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

Pooled Cash and Investments

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

Cash Equivalents

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Accounts Receivable, Allowance for Doubtful Accounts

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

Capital Assets

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

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

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

Building/equipment	25-50 years
Infrastructure	
Parks and recreation, street lights, signage	30-50 years
Water/sewer system	40 years
Conduit system	20 years

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Cost of Bond Refunding

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

Deferred Outflows/Inflows of Resources

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

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

Equity

Net Position

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

Fund Balance

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *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.
- *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, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 28,292,839
Cash and investments - Restricted	942,696
Total cash and investments	<u>\$ 29,235,535</u>

Cash and investments as of December 31, 2017, consist of the following:

Deposits with financial institutions	\$ 549,973
Investments	<u>28,685,562</u>
Total cash and investments	<u>\$ 29,235,535</u>

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2017, the District's cash deposits had a bank statement balance of \$794,868 and a carrying balance of \$549,973. Outstanding checks at December 31, 2017 were \$244,895.

Investments

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

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

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

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2017, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 28,685,562</u>

COLOTRUST

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

Total cash and investments as of December 31, 2017, amounted to \$29,235,535, of which \$205,282 was related to DCC covenant obligations.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017, follows:

	<u>Balance at December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2017</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 842,552	\$ -	\$ -	\$ 842,552
Landscaping/parks	2,334,648	857,007	-	3,191,655
Construction in progress				
Water system facilities	2,180,238	828,896	3,009,134	-
Wells	254,545	223,628	478,173	-
Sewer system facilities	236,701	20,823	257,524	-
Total capital assets, not being depreciated	<u>5,848,684</u>	<u>1,930,354</u>	<u>3,744,831</u>	<u>4,034,207</u>
Capital assets, being depreciated:				
Building/equipment	817,476	60,641	-	878,117
Conduit system	1,477,798	4,200	-	1,481,998
Parks and recreation	2,177,628	507,220	-	2,684,848
Street lights	1,515,438	-	-	1,515,438
Signage	677,430	8,199	-	685,629
Total capital assets, being depreciated	<u>6,665,770</u>	<u>580,260</u>	<u>-</u>	<u>7,246,030</u>
Less accumulated depreciation for:				
Building/equipment	416,605	16,329	-	432,934
Conduit system	1,346,583	17,108	-	1,363,691
Parks and recreation	1,048,614	43,194	-	1,091,808
Street lights	632,661	35,743	-	668,404
Signage	364,871	15,957	-	380,828
Total accumulated depreciation	<u>3,809,334</u>	<u>128,331</u>	<u>-</u>	<u>3,937,665</u>
Total capital assets, being depreciated, net	<u>2,856,436</u>	<u>451,929</u>	<u>-</u>	<u>3,308,365</u>
Governmental activities capital assets, net	<u>\$ 8,705,120</u>	<u>\$ 2,382,283</u>	<u>\$ 3,744,831</u>	<u>\$ 7,342,572</u>

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance at December 31, 2016	Increases	Decreases	Balance at December 31, 2017
Business-type Activities:				
Capital assets, being depreciated:				
Water system facilities	\$ 7,883,234	\$ 3,009,134	\$ -	\$ 10,892,368
Wells	6,718,098	478,173	-	7,196,271
Wastewater treatment plant	9,506,199	236,701	-	9,742,900
Sewer system facilities	9,460,227	20,823	-	9,481,050
Storm water system	3,082,378	-	-	3,082,378
Total capital assets, being depreciated	<u>36,650,136</u>	<u>3,744,831</u>	<u>-</u>	<u>40,394,967</u>
Less accumulated depreciation for:				
Water system facilities	5,464,946	258,398	-	5,723,344
Wells	1,488,340	180,663	-	1,669,003
Wastewater treatment plant	1,573,876	243,572	-	1,817,448
Sewer system facilities	6,161,052	236,766	-	6,397,818
Storm water system	154,119	77,059	-	231,178
Total accumulated depreciation	<u>14,842,333</u>	<u>996,458</u>	<u>-</u>	<u>15,838,791</u>
Total capital assets, being depreciated, net	<u>21,807,803</u>	<u>2,748,373</u>	<u>-</u>	<u>24,556,176</u>
Business-type activities capital assets, net	<u>\$ 21,807,803</u>	<u>\$ 2,748,373</u>	<u>\$ -</u>	<u>\$ 24,556,176</u>

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

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

Pursuant to the Regional Facilities Agreement with South Meridian Metropolitan District, the District recorded \$857,007 of park infrastructure costs in 2017.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General government	\$ 128,331
Total depreciation expense - Governmental activities	<u>\$ 128,331</u>

Business-type Activities:

Water/sewer facilities	\$ 996,458
Total depreciation expense - Business-type activities	<u>\$ 996,458</u>

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2017:

	Balance at December 31, 2016	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
Governmental Activities:					
General obligation bonds payable:					
Series 2011A Refunding Bonds	\$ 57,130,000	\$ -	\$ 1,315,000	\$ 55,815,000	\$ 1,355,000
Series 2011B Refunding Bonds	9,915,000	-	230,000	9,685,000	235,000
Series 2017 Bonds	-	14,720,000	-	14,720,000	-
Total bonds payable	67,045,000	14,720,000	1,545,000	80,220,000	<u>\$ 1,590,000</u>
Bond discount - Series 2011	(720,369)	-	(45,169)	(675,200)	
Bond premium - Series 2017	-	620,729	-	620,729	
Total long-term obligations	\$ 66,324,631	\$ 15,340,729	\$ 1,499,831	\$ 80,165,529	

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

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

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds – Series 2017

On November 14, 2017, the District issued General Obligation Bonds, Series 2017 in the amount of \$14,720,000 with interest rates of 3.50% to 5.00%, maturing on December 1, 2047. The proceeds of these bonds will be used for public infrastructure within the District. The bonds maturing on or after December 1, 2028, are subject to redemption prior to maturity, at the option of the District, without redemption premium.

The Series 2017 bonds are insured by Assured Guaranty Municipal Corp. (AGM). At April 21, 2018 AGM was rated AA by Standard & Poor's and A2 by Moody's.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,590,000	\$ 3,704,143	\$ 5,294,143
2019	1,640,000	3,628,819	5,268,819
2020	1,715,000	3,555,019	5,270,019
2021	1,890,000	3,477,844	5,367,844
2022	2,085,000	3,406,719	5,491,719
2023-2027	11,765,000	15,675,139	27,440,139
2028-2032	14,635,000	12,800,939	27,435,939
2033-2037	18,545,000	8,895,175	27,440,175
2038-2042	19,600,000	3,837,875	23,437,875
2043-2047	6,755,000	725,375	7,480,375
Total	<u>\$ 80,220,000</u>	<u>\$ 59,707,047</u>	<u>\$ 139,927,047</u>

On November 2, 1999, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$25,000,000 for the financing of new improvements and \$85,000,000 for the purposes of debt refunding. At December 31, 2017, the District had authorized but unissued indebtedness remaining in the amounts of \$553,105 for the financing of new improvements and \$12,929,460 for the purposes of debt refunding.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 - NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the District had net investment in capital assets calculated as follows:

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - NET POSITION (CONTINUED)

	Governmental Activities	Business- type Activities
Net investment in capital assets:		
Capital assets, net	\$ -	\$ 24,556,176
Net investment in capital assets	\$ -	\$ 24,556,176

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, 2017, as follows:

	Governmental Activities	Business- type Activities
Restricted net position:		
Emergencies	\$ 129,000	\$ -
Debt service reserve	542,171	-
Total restricted net position	\$ 671,171	\$ -

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

NOTE 7 - RELATED PARTY TRANSACTIONS

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7 - RELATED PARTY TRANSACTIONS (CONTINUED)

The Developer, through various related entities, performs certain maintenance and management functions for the District and the District provides certain facilities to the Developer. During 2017, the District paid \$4,599,009 (including payments of \$499,593 for materials passed through to the District and \$1,277,373 for pass through items to subcontractors) to the Developer.

The District received payments from the Developer of approximately \$42,892. At December 31, 2017, \$421,227 in related party amounts are included in accounts payable.

In 1984, the District and the Developer of the property at that time entered into an agreement pursuant to which the Developer purchases capacity in the District's water and sewer systems. The agreement has been amended several times and currently is contained in the October 3, 2000, Amended and Restated Water and Sewer Tap Purchase Agreement (the Tap Purchase Agreement) between the District and several developer entities. The Tap Purchase Agreement states that the Developer or its predecessors have made tap purchase payments to the District in the amount of \$61,403,590, and the Developer possessed the right to 4,017 taps, each representing a single family equivalent unit of capacity in the system. The Developer is required, upon the request of the District, to allocate and sell such taps to third parties desiring to connect to the system at prices and terms set forth in the Tap Purchase Agreement. In 2017, the Developer issued service and connection fees with a total value of \$3,091,411 which represents 166 taps. At December 31, 2017, the Developer possessed the rights to 891 taps. At December 31, 2017, the District had \$74,000 in accounts payable for service and connection fees.

NOTE 8 - AGREEMENTS

Connector Agreements

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

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 8 – AGREEMENTS (CONTINUED)

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

Covenant Obligations

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

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

For each calendar year following 2013, the management fee shall be \$180,000 increased by the Denver-Boulder CPI for the prior year for the duration of the obligation. The fees invoiced by and paid to Shea for 2017 were \$160,000.

At December 31, 2017, the District had \$205,282 in cash and investments related to the DCC covenant obligations comprised of payables and security deposits being held by the District.

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 9 - DISTRICT COST SHARING PARTICIPATION AGREEMENTS

South Metro Water Supply Authority

In 2000, the District signed a participation agreement for funding of the South Metro Water Supply Authority (SMWSA) to define water strategies to meet near and long-term water needs of the south metro area. In 2017, the District paid \$25,370 to SMWSA.

South Metro WISE Authority

On July 10, 2013, the District entered into the South Metro WISE (Water, Infrastructure and Supply Efficiency) Authority Formation and Organizational Intergovernmental Agreement. This Agreement commits the District to participate in the WISE Partnership through the South Metro WISE Authority. The Agreement also defines how costs will be shared between participating members. The District has committed to subscribing to 300 acre feet (AF) out of a total of 7,225 AF (4.15%) of renewable water to be delivered annually from the WISE Partnership. During 2017, the District paid WISE \$38,835 for administrative costs.

The WISE Partnership entered into the WISE Partnership – Water Delivery Agreement between the City and County of Denver, acting by and through its Board of Water Commissioners, the City of Aurora acting by and through its Utility Enterprise, and the South Metro WISE Authority. The Water Delivery Agreement is the overarching agreement that defines the terms under which Denver and Aurora will deliver water to the South Metro WISE Authority members. There were engineering design and construction contracts required to transport water to be entered into by the South Metro WISE Authority during 2013, 2014, and 2015 in order to begin taking deliveries of water. The District was responsible for approximately \$3,200,000 in capital costs to transport water. As of December 31, 2017, the District has spent \$3,200,912 in capital costs. Additionally, there will be subscription fees, WISE operations and maintenance costs, WISE capital costs, District variable pumping costs, and the District's share of operating and maintenance costs which will be billed based upon water delivered. As of December 31, 2017, no water has been delivered. The District is responsible for paying its share of 4.15% of the WISE Operations based on the District's infrastructure capacity. Operational costs for 2017 were \$12,457.

NOTE 10 - RISK MANAGEMENT

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

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

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Water Lease

The District has entered into a lease for water rights from the Developer, which together with water rights owned by the District, are sufficient to meet current demand within the District's service area. The original term of the lease is fifty (50) years, 1982 through 2032, with two 35-year renewal options and provisions for annual adjustments. Total lease payments were \$320,818 for the year ended December 31, 2017.

NOTE 12 - REGIONAL FACILITIES AGREEMENTS

The District has entered into separate Regional Facilities Agreements (RFA), dated January 1, 1999, with South Meridian Metropolitan District (South Meridian) and North Meridian Metropolitan District (North Meridian). The purpose of each RFA is to set forth the rights and obligations of North Meridian and South Meridian to issue indebtedness to fund, and for the District to construct, own or transfer, and operate and maintain, public facilities that benefit each district. The District is obligated to acquire all necessary water rights for the provision of water supply for the full estimated build out of North and South Meridian, and to manage construction of improvements and handle the books and records of each district. North and South Meridian are obligated to fund the improvements through limited tax obligation debt or other revenues that are legally available. During 2017, the District received intergovernmental revenue of \$130,007 and \$973 from South and North Meridian, respectively, pursuant to this agreement.

NOTE 13 - TAX, SPENDING AND DEBT LIMITATION

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

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

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

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

**MERIDIAN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 13 - TAX, SPENDING AND DEBT LIMITATION (CONTINUED)

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

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

NOTE 14 - INTERFUND TRANSFERS

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

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

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**MERIDIAN METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 4,425,848	\$ 4,519,548	\$ 93,700
Specific ownership taxes	398,330	494,706	96,376
In-lieu tax fees	300	304	4
Investment income	2,000	26,729	24,729
Total revenues	<u>4,826,478</u>	<u>5,041,287</u>	<u>214,809</u>
EXPENDITURES			
Bond interest	3,137,894	3,137,894	-
Bond principal	1,545,000	1,545,000	-
Contingency	10,000	-	10,000
Paying agent fees	1,000	550	450
Interest expense - Property tax abatements	-	1,883	(1,883)
County Treasurer's fees	66,388	67,897	(1,509)
Total expenditures	<u>4,760,282</u>	<u>4,753,224</u>	<u>7,058</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	66,196	288,063	221,867
FUND BALANCES - BEGINNING OF YEAR	<u>552,325</u>	<u>562,787</u>	<u>10,462</u>
FUND BALANCES - END OF YEAR	<u>\$ 618,521</u>	<u>\$ 850,850</u>	<u>\$ 232,329</u>

**MERIDIAN METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Investment income	\$ 45,000	\$ 76,891	\$ 31,891
Reimbursed expenditures	5,000	2,774	(2,226)
Miscellaneous income	-	5,000	5,000
Total revenues	<u>50,000</u>	<u>84,665</u>	<u>34,665</u>
EXPENDITURES			
Bond issuance costs	-	340,729	(340,729)
Support management	67,725	67,725	-
Capital outlay			
Streets/sidewalks/transportation:			
Intersection reconfiguration	400,000	1,148	398,852
Streets, lights and sidewalks	250,000	258,770	(8,770)
Landscape/identity:			
Jamaica triangle wall	25,000	-	25,000
Repair 470 sign	25,000	-	25,000
Signage/monumentation	350,000	8,199	341,801
Stone veneer for Liberty Outfalls	40,000	32,460	7,540
Park:			
Landscaping & walls	300,000	196,153	103,847
Parking area upgrades	150,000	-	150,000
Park upgrades	-	19,837	(19,837)
M-Bike	-	124,574	(124,574)
Wells/irrigation:			
Restart/redrill wells	-	223,628	(223,628)
Water/wastewater facilities:			
Digester repair/upgrade	500,000	-	500,000
MS4 permit	500,000	-	500,000
Painting/coating water/sewage facilities	60,000	11,932	48,068
Potable storage tank upgrades	10,000	-	10,000
SCADA phase 2 implementation	150,000	20,823	129,177
WISE projects:			
Western water pipeline tie-in	1,489,090	828,896	660,194
DIA subscription fee	44,531	44,531	-
Infrastructure operations	22,457	12,457	10,000
Operations reserve	53,863	79,233	(25,370)
Miscellaneous projects:			
Conduit system	30,000	4,200	25,800
HQ restoration	100,000	60,641	39,359
Contingency	500,000	-	500,000
Total expenditures	<u>5,067,666</u>	<u>2,335,936</u>	<u>2,731,730</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,017,666)</u>	<u>(2,251,271)</u>	<u>2,766,395</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	14,720,000	14,720,000
Bond premium	-	620,729	620,729
Transfers in (out)	1,372,000	1,512,000	140,000
Total other financing sources (uses)	<u>1,372,000</u>	<u>16,852,729</u>	<u>15,480,729</u>
NET CHANGE IN FUND BALANCES	(3,645,666)	14,601,458	18,247,124
FUND BALANCES - BEGINNING OF YEAR	5,723,536	6,208,516	484,980
FUND BALANCES - END OF YEAR	<u>\$ 2,077,870</u>	<u>\$ 20,809,974</u>	<u>\$ 18,732,104</u>

**MERIDIAN METROPOLITAN DISTRICT
 PROPRIETARY FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Water sales - Irrigation	\$ 850,000	\$ 1,217,095	\$ 367,095
Water sales - Potable	1,430,000	1,931,805	501,805
Sewer sales	1,100,000	1,978,052	878,052
Conduit lease	277,865	318,178	40,313
Building lease	8,250	8,250	-
DCC fees	50,000	39,950	(10,050)
Reimbursed expenditures	4,000	1,246	(2,754)
Investment income	2,500	49,629	47,129
Miscellaneous income	5,000	37,391	32,391
Total revenues	<u>3,727,615</u>	<u>5,581,596</u>	<u>1,853,981</u>
EXPENDITURES			
Cost of services			
Contract services	1,174,000	1,117,870	56,130
Electric and gas	740,000	724,658	15,342
Operational support	868,500	855,189	13,311
Water purchase/lease	200,000	7,370	192,630
WISE water purchase	59,000	-	59,000
Administration and general expenses			
DCC expenditures	200,000	168,402	31,598
Accounting	33,500	34,558	(1,058)
Audit	8,000	7,850	150
Dues and subscriptions	6,500	4,838	1,662
Engineering and consulting	215,000	232,636	(17,636)
Insurance	36,400	40,085	(3,685)
Legal	75,000	43,031	31,969
Materials and supplies	560,000	416,700	143,300
Office overhead	15,000	18,060	(3,060)
Support management	125,775	125,775	-
Capital expenditures	1,564,835	435,111	1,129,724
Total expenditures	<u>5,881,510</u>	<u>4,232,133</u>	<u>1,649,377</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,153,895)</u>	<u>1,349,463</u>	<u>3,503,358</u>

(Continued)

MERIDIAN METROPOLITAN DISTRICT
PROPRIETARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2017
 (Continued)

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	150,000	150,000	-
Total other financing sources (uses)	<u>150,000</u>	<u>150,000</u>	<u>-</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	 <u>\$ (2,003,895)</u>	 <u>\$ 1,499,463</u>	 <u>\$ 3,503,358</u>

MERIDIAN METROPOLITAN DISTRICT
PROPRIETARY FUND
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2017
 (Continued)

	Actual
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	\$ 1,499,463
Add:	
Contributed facilities	3,744,831
Deduct:	
Depreciation	(996,458)
CHANGE IN NET POSITION	4,247,836
TOTAL NET POSITION - BEGINNING OF YEAR	26,867,710
TOTAL NET POSITION - END OF YEAR	\$ 31,115,546

**MERIDIAN METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

Bonds and Interest Maturing in the year ending December 31,	\$59,650,000 General Obligation Refunding Bonds Interest Rate - 3.0% to 5.0% Series 2011A Dated October 27, 2011 Interest Payable June 1 and December 1 Principal Payable December 1			\$10,350,000 General Obligation Refunding Bonds Interest Rate - 3.0% to 5.0% Series 2011B Dated October 27, 2011 Interest payable June 1 and December 1 Principal payable December 1		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,355,000	\$ 2,635,969	\$ 3,990,969	\$ 235,000	\$ 455,575	\$ 690,575
2019	1,395,000	2,595,319	3,990,319	245,000	448,525	693,525
2020	1,460,000	2,532,544	3,992,544	255,000	437,500	692,500
2021	1,525,000	2,466,844	3,991,844	265,000	426,025	691,025
2022	1,585,000	2,409,656	3,994,656	275,000	416,088	691,088
2023	1,645,000	2,350,219	3,995,219	285,000	405,775	690,775
2024	1,715,000	2,276,194	3,991,194	300,000	392,950	692,950
2025	1,785,000	2,205,450	3,990,450	310,000	380,575	690,575
2026	1,865,000	2,129,588	3,994,588	325,000	367,400	692,400
2027	1,940,000	2,050,325	3,990,325	340,000	353,588	693,588
2028	2,025,000	1,965,450	3,990,450	355,000	338,713	693,713
2029	2,125,000	1,866,763	3,991,763	370,000	321,850	691,850
2030	2,230,000	1,763,325	3,993,325	385,000	304,275	689,275
2031	2,340,000	1,654,900	3,994,900	405,000	285,988	690,988
2032	2,450,000	1,541,250	3,991,250	425,000	266,750	691,750
2033	2,575,000	1,418,750	3,993,750	445,000	245,500	690,500
2034	2,700,000	1,290,000	3,990,000	470,000	223,250	693,250
2035	2,835,000	1,155,000	3,990,000	490,000	199,750	689,750
2036	2,980,000	1,013,250	3,993,250	515,000	175,250	690,250
2037	3,130,000	864,250	3,994,250	540,000	149,500	689,500
2038	3,285,000	707,750	3,992,750	570,000	122,500	692,500
2039	3,450,000	543,500	3,993,500	595,000	94,000	689,000
2040	3,620,000	371,000	3,991,000	625,000	64,250	689,250
2041	3,800,000	190,000	3,990,000	660,000	33,000	693,000
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
2045	-	-	-	-	-	-
2046	-	-	-	-	-	-
2047	-	-	-	-	-	-
	\$ 55,815,000	\$ 39,997,296	\$ 95,812,296	\$ 9,685,000	\$ 6,908,577	\$ 16,593,577

**MERIDIAN METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

Bonds and Interest Maturing in the year ending December 31,	\$14,270,000 General Obligation Bonds Interest Rate - 3.50% to 5.00% Series 2017 Dated November 14, 2017 Interest payable June 1 and December 1 Principal payable December 1			Total		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ -	\$ 612,599	\$ 612,599	\$ 1,590,000	\$ 3,704,143	\$ 5,294,143
2019	-	584,975	584,975	1,640,000	3,628,819	5,268,819
2020	-	584,975	584,975	1,715,000	3,555,019	5,270,019
2021	100,000	584,975	684,975	1,890,000	3,477,844	5,367,844
2022	225,000	580,975	805,975	2,085,000	3,406,719	5,491,719
2023	235,000	571,975	806,975	2,165,000	3,327,969	5,492,969
2024	240,000	562,575	802,575	2,255,000	3,231,719	5,486,719
2025	250,000	552,975	802,975	2,345,000	3,139,000	5,484,000
2026	260,000	542,975	802,975	2,450,000	3,039,963	5,489,963
2027	270,000	532,575	802,575	2,550,000	2,936,488	5,486,488
2028	280,000	521,775	801,775	2,660,000	2,825,938	5,485,938
2029	295,000	510,575	805,575	2,790,000	2,699,188	5,489,188
2030	305,000	498,775	803,775	2,920,000	2,566,375	5,486,375
2031	315,000	486,575	801,575	3,060,000	2,427,463	5,487,463
2032	330,000	473,975	803,975	3,205,000	2,281,975	5,486,975
2033	345,000	460,775	805,775	3,365,000	2,125,025	5,490,025
2034	355,000	446,975	801,975	3,525,000	1,960,225	5,485,225
2035	375,000	432,775	807,775	3,700,000	1,787,525	5,487,525
2036	385,000	417,775	802,775	3,880,000	1,606,275	5,486,275
2037	405,000	402,375	807,375	4,075,000	1,416,125	5,491,125
2038	415,000	386,175	801,175	4,270,000	1,216,425	5,486,425
2039	440,000	365,425	805,425	4,485,000	1,002,925	5,487,925
2040	460,000	343,425	803,425	4,705,000	778,675	5,483,675
2041	480,000	320,425	800,425	4,940,000	543,425	5,483,425
2042	1,200,000	296,425	1,496,425	1,200,000	296,425	1,496,425
2043	1,260,000	236,425	1,496,425	1,260,000	236,425	1,496,425
2044	1,305,000	192,325	1,497,325	1,305,000	192,325	1,497,325
2045	1,350,000	146,650	1,496,650	1,350,000	146,650	1,496,650
2046	1,395,000	99,400	1,494,400	1,395,000	99,400	1,494,400
2047	1,445,000	50,575	1,495,575	1,445,000	50,575	1,495,575
	<u>\$ 14,720,000</u>	<u>\$ 12,801,174</u>	<u>\$ 27,521,174</u>	<u>\$ 80,220,000</u>	<u>\$ 59,707,047</u>	<u>\$ 139,927,047</u>

**MERIDIAN METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY,
AND PROPERTY TAXES COLLECTED
December 31, 2017**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year PropertyTax Levy (1)		Mills Levied		Total Property Taxes		Percentage Collected to Levied
	General Fund	Debt Service	General Fund	Debt Service	Levied	Collected	
2009	\$ 153,221,780	\$ 161,480,140	8.367	32.468	\$ 6,524,943	\$ 6,248,814	95.8%
2010	\$ 158,485,200	\$ 166,794,590	9.260	29.818	\$ 6,441,054	\$ 6,634,416	103.0%
2011	\$ 154,733,860	\$ 163,092,400	14.421	29.818	\$ 7,094,506	\$ 6,634,416	93.5%
2012	\$ 134,005,340	\$ 142,470,510	36.821	1.169	\$ 5,100,759	\$ 4,819,778	94.5%
2013	\$ 134,176,800	\$ 143,496,930	23.000	21.000	\$ 6,099,502	\$ 5,919,273	97.0%
2014	\$ 144,616,280	\$ 157,288,322	24.000	22.000	\$ 6,931,133	\$ 6,814,506	98.3%
2015	\$ 152,556,700	\$ 165,692,390	27.000	22.000	\$ 7,764,262	\$ 7,719,063	99.4%
2016	\$ 159,824,190	\$ 177,800,520	29.000	21.000	\$ 8,489,971	\$ 8,294,579	97.7%
2017:							
Debt service		\$ 174,335,460		25.000	\$ 4,425,848	\$ 4,519,548	
Operational	\$ 155,350,790		24.000		3,786,130	3,778,270	
					<u>\$ 8,211,978</u>	<u>\$ 8,297,818</u>	101.0%
Estimated for calendar year December 31, 2018:							
Debt service		\$ 212,505,240		25.260	\$ 5,412,530		
Operational	\$ 190,588,200		24.250		4,660,206		
					<u>\$ 10,072,736</u>		

Note:

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

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

CONTINUING DISCLOSURE OBLIGATION

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
Year Ended December 31, 2017**

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

	<u>2017</u>			<u>2018</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>
REVENUES				
Property taxes	\$ 3,786,130	\$ 3,778,270	\$ (7,860)	\$4,660,206
Specific ownership taxes	340,750	404,840	64,090	419,420
Intergovernmental	136,519	130,980	(5,539)	175,011
Building lease	24,750	24,750	-	24,750
In-lieu tax fees	113	101	(12)	113
Reimbursed expenditures	14,000	7,606	(6,394)	14,000
Net investment income	-	49,175	49,175	20,000
Other income	-	14,010	14,010	-
Total	<u>4,302,262</u>	<u>4,409,732</u>	<u>107,470</u>	<u>5,313,500</u>
EXPENDITURES				
Accounting and audit	41,500	42,408	(908)	52,600
Board support	15,000	8,738	6,262	15,000
Community events	-	41,480	(41,480)	20,000
Contract services	222,500	169,521	52,979	255,000
Dues and subscriptions	30,000	16,682	13,318	31,222
Electric and gas	80,000	46,711	33,289	80,000
Engineering and consulting	15,000	67,417	(52,417)	45,000
Insurance	36,200	40,327	(4,127)	42,340
Irrigation (SMMD)	45,000	13,359	31,641	45,000
Legal	25,000	15,984	9,016	25,000
Materials	147,000	110,330	36,670	133,000
Office overhead	35,000	37,765	(2,765)	35,000
Operational support	2,026,500	1,995,442	31,058	2,188,200
Payroll tax	450	444	6	450
County Treasurer's fees	56,790	56,748	42	69,900
Contingency	50,000	20,719	29,281	53,240
Total	<u>2,825,940</u>	<u>2,684,075</u>	<u>141,865</u>	<u>3,090,952</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,476,322</u>	<u>1,725,657</u>	<u>249,335</u>	<u>2,222,548</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>(1,522,000)</u>	<u>(1,662,000)</u>	<u>(140,000)</u>	<u>(2,250,000)</u>
Total other financing sources (uses)	<u>(1,522,000)</u>	<u>(1,662,000)</u>	<u>(140,000)</u>	<u>(2,250,000)</u>
NET CHANGE IN FUND BALANCES	(45,678)	63,657	109,335	(27,452)
FUND BALANCES - BEG. OF YEAR	552,303	499,722	(52,581)	567,169
FUND BALANCES - END OF YEAR	<u>\$ 506,625</u>	<u>\$ 563,379</u>	<u>\$ 56,754</u>	<u>\$ 539,717</u>

(Continued)

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
Year Ended December 31, 2017**

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

	2017			2018
	Budget	Actual	Variance	Budget
REVENUES				
Property taxes	\$ 4,425,848	\$ 4,519,548	\$ 93,700	\$ 5,412,530
Specific ownership taxes	398,330	494,706	96,376	487,130
In-lieu tax fees	300	304	4	310
Investment income	2,000	26,729	24,729	2,000
Total revenues	<u>4,826,478</u>	<u>5,041,287</u>	<u>214,809</u>	<u>5,901,970</u>
EXPENDITURES				
County Treasurer's fees	66,388	67,897	(1,509)	81,188
Bond principal	1,545,000	1,545,000	-	1,590,000
Bond interest	3,137,894	3,137,894	-	3,711,544
Interest expense on tax abatements	-	1,883	(1,883)	
Paying agent fees	1,000	550	450	1,000
Contingency	10,000	-	10,000	10,000
Total expenditures	<u>4,760,282</u>	<u>4,753,224</u>	<u>7,058</u>	<u>5,393,732</u>
NET CHANGE IN FUND BALANCES	66,196	288,063	221,867	508,238
FUND BALANCES - BEG. OF YEAR	<u>552,325</u>	<u>562,787</u>	<u>10,462</u>	<u>689,224</u>
FUND BALANCES - END OF YEAR	<u>\$ 618,521</u>	<u>\$ 850,850</u>	<u>\$ 232,329</u>	<u>\$ 1,197,462</u>

(Continued)

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
Year Ended December 31, 2017**

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

	<u>2017</u>			<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>
REVENUES				
Investment income	\$ 45,000	\$ 76,891	\$ 31,891	\$ 42,000
Reimbursed expenditures	5,000	2,774	(2,226)	5,000
System development fees	-	-	-	60,000
Miscellaneous income	-	5,000	5,000	-
Total revenues	<u>50,000</u>	<u>84,665</u>	<u>34,665</u>	<u>107,000</u>
EXPENDITURES				
Bond issuance costs	-	340,729	(340,729)	-
Support management	67,725	67,725	-	69,755
Capital outlay	4,999,941	1,927,482	3,072,459	8,760,137
Total expenditures	<u>5,067,666</u>	<u>2,335,936</u>	<u>2,731,730</u>	<u>8,829,892</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,017,666)</u>	<u>(2,251,271)</u>	<u>2,766,395</u>	<u>(8,722,892)</u>
OTHER FINANCING SOURCES AND (USES)				
Bond proceeds	-	14,720,000	14,720,000	-
Bond premium	-	620,729	620,729	-
Operating transfers in (out)	1,372,000	1,512,000	140,000	2,100,000
Total other financing sources (uses)	<u>1,372,000</u>	<u>16,852,729</u>	<u>15,480,729</u>	<u>2,100,000</u>
NET CHANGE IN FUND BALANCES	(3,645,666)	14,601,458	18,247,124	(6,622,892)
FUND BALANCES - BEG. OF YEAR	<u>5,723,536</u>	<u>6,208,516</u>	<u>484,980</u>	<u>20,870,580</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,077,870</u>	<u>\$ 20,809,974</u>	<u>\$ 18,732,104</u>	<u>\$ 14,247,688</u>

(Continued)

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
Year Ended December 31, 2017**

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Property taxes	\$ 2,991,700	\$ 3,412,664	\$ 4,093,973	\$ 4,532,621	\$ 3,778,270
Specific ownership taxes	255,851	331,198	393,371	423,970	404,840
Intergovernmental	98,761	88,704	113,910	116,871	130,980
Building lease	24,750	24,750	24,750	24,750	24,750
In-lieu tax fees	76	91	91	113	101
Reimbursed expenditures	13,662	9,446	15,026	15,170	7,606
Net investment income	-	-	-	18,082	49,175
Other income	3,686	-	4,077	15,620	14,010
Total	<u>3,388,486</u>	<u>3,866,853</u>	<u>4,645,198</u>	<u>5,147,197</u>	<u>4,409,732</u>
EXPENDITURES					
Accounting and audit	38,492	38,916	41,086	42,071	42,408
Board support	10,478	7,859	6,941	6,684	8,738
Community events	-	-	-	-	41,480
Contract services	101,131	149,449	141,752	143,253	169,521
Dues and subscriptions	15,650	26,273	19,998	18,843	16,682
Electric and gas	49,364	52,373	47,487	51,448	46,711
Engineering and consulting	42,119	10,797	21,635	10,015	67,417
Insurance	22,872	37,571	31,280	34,477	40,327
Irrigation (SMMD)	65,664	-	21,349	50,037	13,359
Interest expense on tax abatements	2,729	3,393	-	-	-
Landscaping	76,800	87,822	138,024	129,079	-
Legal	14,853	17,365	20,888	15,906	15,984
Materials	-	-	-	-	110,330
Office overhead	30,117	27,212	31,319	44,972	37,765
Operational support	1,457,193	1,667,480	1,777,283	1,901,747	1,995,442
Payroll tax	448	413	344	375	444
County Treasurer's fees	44,863	51,182	61,448	68,033	56,748
Contingency	-	-	-	-	20,719
Total	<u>1,972,773</u>	<u>2,178,105</u>	<u>2,360,834</u>	<u>2,516,940</u>	<u>2,684,075</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,415,713</u>	<u>1,688,748</u>	<u>2,284,364</u>	<u>2,630,257</u>	<u>1,725,657</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	<u>(2,090,319)</u>	<u>(1,534,997)</u>	<u>(2,280,000)</u>	<u>(2,704,945)</u>	<u>(1,662,000)</u>
Total other financing sources (uses)	<u>(2,090,319)</u>	<u>(1,534,997)</u>	<u>(2,280,000)</u>	<u>(2,704,945)</u>	<u>(1,662,000)</u>
NET CHANGE IN FUND BALANCES	(674,606)	153,751	4,364	(74,688)	63,657
FUND BALANCES - BEG. OF YEAR	<u>1,090,901</u>	<u>416,295</u>	<u>570,046</u>	<u>574,410</u>	<u>499,722</u>
FUND BALANCES - END OF YEAR	<u>\$ 416,295</u>	<u>\$ 570,046</u>	<u>\$ 574,410</u>	<u>\$ 499,722</u>	<u>\$ 563,379</u>

(Continued)

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
Year Ended December 31, 2017**

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Property taxes	\$ 2,927,573	\$ 3,401,842	\$ 3,625,090	\$ 3,761,958	\$ 4,519,548
Specific ownership taxes	249,811	290,789	353,162	357,135	494,706
In-lieu tax fees	195	235	235	293	304
Investment income	5,476	6,703	10,833	1,724	26,729
Total	<u>3,183,055</u>	<u>3,699,569</u>	<u>3,989,320</u>	<u>4,121,110</u>	<u>5,041,287</u>
EXPENDITURES					
County Treasurer's fees	43,902	51,016	54,408	56,483	67,897
Debt service	<u>3,230,031</u>	<u>3,231,134</u>	<u>4,682,094</u>	<u>4,683,444</u>	<u>4,685,327</u>
Total	<u>3,273,933</u>	<u>3,282,150</u>	<u>4,736,502</u>	<u>4,739,927</u>	<u>4,753,224</u>
NET CHANGE IN FUND BALANCES	(90,878)	417,419	(747,182)	(618,817)	288,063
FUND BALANCES - BEG. OF YEAR	<u>1,602,245</u>	<u>1,511,367</u>	<u>1,928,786</u>	<u>1,181,604</u>	<u>562,787</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,511,367</u>	<u>\$ 1,928,786</u>	<u>\$ 1,181,604</u>	<u>\$ 562,787</u>	<u>\$ 850,850</u>

(Continued)

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
Year Ended December 31, 2017**

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Investment income	\$ 12,787	\$ 10,610	\$ 11,721	\$ 21,185	\$ 76,891
Reimbursed expenditures	9,150	-	-	754,226	2,774
Miscellaneous income	58,220	-	-	3,287	5,000
Total	<u>80,157</u>	<u>10,610</u>	<u>11,721</u>	<u>778,698</u>	<u>84,665</u>
EXPENDITURES					
Bond issuance costs	-	-	-	-	340,729
Capital outlay	1,396,404	2,644,278	2,623,511	1,352,276	1,927,482
Support management	60,935	63,702	64,720	65,207	67,725
Total	<u>1,457,339</u>	<u>2,707,980</u>	<u>2,688,231</u>	<u>1,417,483</u>	<u>2,335,936</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,377,182)</u>	<u>(2,697,370)</u>	<u>(2,676,510)</u>	<u>(638,785)</u>	<u>(2,251,271)</u>
OTHER FINANCING SOURCES AND (USES)					
Bond proceeds	-	-	-	-	14,720,000
Bond premium	-	-	-	-	620,729
Gain on conveyance of water capital	-	660,000	-	-	-
Operating transfers in	2,775,000	1,725,000	2,130,000	2,588,945	1,512,000
Total other financing sources (uses)	<u>2,775,000</u>	<u>2,385,000</u>	<u>2,130,000</u>	<u>2,588,945</u>	<u>16,852,729</u>
NET CHANGE IN FUND BALANCES	1,397,818	(312,370)	(546,510)	1,950,160	14,601,458
FUND BALANCES - BEG. OF YEAR	<u>3,719,418</u>	<u>5,117,236</u>	<u>4,804,866</u>	<u>4,258,356</u>	<u>6,208,516</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,117,236</u>	<u>\$ 4,804,866</u>	<u>\$ 4,258,356</u>	<u>\$ 6,208,516</u>	<u>\$20,809,974</u>

(Continued)

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
December 31, 2017**

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

Levy/ Collection Year	Property Within the District and the 2003-06 Excluded Property (Series 2011B Property)		1999 Excluded Property		Total (Series 2011A Property)
	Assessed Valuation	Percent Change	Assessed Valuation	Percent Change	Assessed Valuation
2012/2013	\$ 134,176,800	0.1%	\$ 9,320,130	10.1%	\$ 143,496,930
2013/2014	\$ 144,616,280	7.8%	\$ 12,672,042	36.0%	\$ 157,288,322
2014/2015	\$ 152,556,700	5.5%	\$ 13,135,690	3.7%	\$ 165,692,390
2015/2016	\$ 159,824,190	4.8%	\$ 17,976,330	36.9%	\$ 177,800,520
2016/2017	\$ 155,350,790	-2.8%	\$ 18,984,670	5.6%	\$ 174,335,460
2017/2018	\$ 190,588,200	22.7%	\$ 21,917,040	15.4%	\$ 212,505,240

HISTORY OF MILL LEVIES FOR THE DISTRICT

Levy/ Collection Year	Property Within the District and the 2003-06 Excluded Property				1999 Excluded Property
	General Fund	Debt Service	Special Abatement	Total	Debt Service
2012/2013	23.000	21.000	-	44.000	21.000
2013/2014	24.000	22.000	-	46.000	22.000
2014/2015	27.000	22.000	-	49.000	22.000
2015/2016	29.000	21.000	-	50.000	21.000
2016/2017	24.000	25.000	-	49.000	25.000
2017/2018	24.250	25.260	-	49.510	25.260

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

Levy/ Collection Year	Property Within the District and the 2003-06 Excluded Property			1999 Excluded Property		
	Taxes Levied	Current Tax Collections	Collection Rate	Taxes Levied	Current Tax Collections	Collection Rate
2011/2012	\$ 5,090,863	\$ 4,809,882	94.48%	\$ 9,896	\$ 9,896	100.00%
2012/2013	\$ 5,903,779	\$ 5,723,550	96.95%	\$ 195,723	\$ 195,723	100.00%
2013/2014	\$ 6,652,348	\$ 6,541,410	98.33%	\$ 278,785	\$ 273,096	97.96%
2014/2015	\$ 7,475,278	\$ 7,445,967	99.61%	\$ 288,985	\$ 288,985	100.00%
2015/2016	\$ 8,100,210	\$ 7,904,816	97.59%	\$ 389,762	\$ 389,763	100.00%
2016/2017	\$ 7,723,731	\$ 7,809,570	101.11%	\$ 488,247	\$ 488,248	100.00%

(Continued)

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
December 31, 2017
UNAUDITED**

TEN LARGEST TAXPAYERS IN THE DISTRICT FOR 2017

Taxpayer Name	Assessed Valuation	Percentage of Total Assessed Valuation
Western Union Company	\$ 17,589,180	10.09%
Echostar	15,079,810	8.65%
Teletech Services Corporation	14,826,730	8.50%
Liberty Property Holdings Inc	13,570,580	7.78%
AGNL Engineering LLC	13,099,550	7.51%
Hauppauge LLC	9,388,800	5.39%
M4 Maroon LLC	8,464,800	4.86%
LEX Meridian LP	6,155,950	3.53%
St Paul Fire & Marine Insurance Company	5,767,840	3.31%
Denver Meridian Gateway Equities LLC	5,655,000	3.24%
	<u>\$ 109,598,240</u>	<u>62.86%</u>

2017 ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT

Property Class	Property Within the District and the 2003-06 Excluded Property		1999 Excluded Property	
	Total Assessed Valuation	Percent of Total Assessed Valuation	Total Assessed Valuation	Percent of Total Assessed Valuation
Commercial	\$ 144,156,140	75.64%	\$ -	0.00%
Personal	38,753,760	20.33%	980,120	4.48%
Vacant	2,764,040	1.45%	2,050	0.01%
Industrial	4,749,050	2.49%	3,200	0.01%
State Assessed	29,800	0.02%	-	0.00%
Residential	97,300	0.05%	20,931,670	95.50%
Agricultural	38,000	0.02%	-	0.00%
Natural Resources	110	0.00%	-	0.00%
	<u>\$ 190,588,200</u>	<u>100.00%</u>	<u>\$ 21,917,040</u>	<u>100.00%</u>

(Continued)

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
December 31, 2017
UNAUDITED**

SELECTED DEBT RATIOS OF THE DISTRICT

Direct Debt (Consisting of Bonds)	\$	80,220,000
Overlapping Debt (1)		7,681,419
Total Direct Debt and Overlapping Debt	\$	<u>87,901,419</u>
2017 District Assessed Valuation	\$	174,335,460
Direct Debt to 2017 Assessed Valuation		46.0%
Direct Debt Plus Overlapping Debt to 2017 Assessed Valuation		50.4%
2017 District Estimated Statutory "Actual" Value (2)	\$	924,446,040
Direct Debt to 2017 Estimated Statutory "Actual" Value		8.7%
Direct Debt Plus Overlapping Debt to 2017 Estimated Statutory "Actual" Value		9.5%

(1) Amount is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt.

(2) Statutory "actual" value has been calculated using a statutory formula under which assessed valuation is calculated as 7.20% of the statutory "actual" value of residential property and 29% of the statutory "actual" value of all other classes of property (with certain specific exceptions). Statutory "actual" value is not intended to represent market value.

(Continued)

**MERIDIAN METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
December 31, 2017
UNAUDITED**

ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT

Name of Overlapping Taxing entity (1)	2017 Assessed Valuation	Outstanding General Obligation Debt	Outstanding General Obligation Debt Chargeable to Properties Within the District (2)	
			Percent	Debt
Douglas County School District RE 1	\$ 6,338,899,010	\$ 272,435,000	2.75%	\$ 7,492,639
Southeast Public Improvement Metro District	\$ 2,618,082,803	\$ 2,835,000	6.66%	188,780
				<u>\$ 7,681,419</u>

Notes:

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