

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
Douglas County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meridian Village Metropolitan District No. 1
Douglas County, Colorado

Opinions

We have audited the financial statements of the governmental activities and each major fund of Meridian Village Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Continuing Disclosure Information

The continuing disclosure 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.

Fisouf Focus Partners, LLC

Greenwood Village, Colorado
July 4, 2022

BASIC FINANCIAL STATEMENTS

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 1,004,940
Cash and Investments - Restricted	1,208,727
Due from Meridian Village MD No. 2	97,127
Accounts Receivable	26,402
Property Taxes Receivable	10
Capital Assets, Not Being Depreciated	57,438
Capital Assets, Net	<u>1,799,457</u>
Total Assets	4,194,101
 DEFERRED OUTFLOWS OF RESOURCES	
Derivative - Interest Rate Swap	<u>21,159,820</u>
Total Deferred Outflows of Resources	21,159,820
 LIABILITIES	
Accounts Payable	49,939
Accrued Interest Payable	148,602
Fair Value of Interest Rate Swap	21,159,820
Noncurrent Liabilities:	
Due in One Year	585,000
Due in More Than One Year	<u>33,010,000</u>
Total Liabilities	54,953,361
 DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	<u>10</u>
Total Deferred Inflows of Resources	<u>10</u>
 NET POSITION	
Restricted for:	
Emergency Reserves	28,700
Debt Service	1,107,407
Unrestricted	<u>(30,735,557)</u>
Total Net Position	<u><u>\$ (29,599,450)</u></u>

See accompanying Notes to Basic Financial Statements.

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 691,224	\$ 8,350	\$ 955,557	\$ -	\$ 272,683
Interest on Long-Term Debt and Related Costs	2,334,178	-	3,440,734	-	1,106,556
Total Governmental Activities	\$ 3,025,402	\$ 8,350	\$ 4,396,291	\$ -	1,379,239
GENERAL REVENUES					
					10
					1
					672
					683
CHANGE IN NET POSITION					
					1,379,922
					(30,979,372)
NET POSITION - END OF YEAR					
					\$ (29,599,450)

See accompanying Notes to Basic Financial Statements.

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 905,072	\$ -	\$ 99,868	\$ 1,004,940
Cash and Investments - Restricted	28,700	1,180,027	-	1,208,727
Due from Meridian Village No. 2	21,145	75,982	-	97,127
Accounts Receivable	26,402	-	-	26,402
Property Taxes Receivable	2	8	-	10
Total Assets	\$ 981,321	\$ 1,256,017	\$ 99,868	\$ 2,337,206
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 40,321	\$ -	7,433	\$ 47,754
Retainage Payable	-	-	2,185	2,185
Total Liabilities	40,321	-	9,618	49,939
 DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	2	8	-	10
Total Deferred Inflows of Resources	2	8	-	10
 FUND BALANCES				
Restricted for:				
Emergency Reserves	28,700	-	-	28,700
Debt Service	-	1,256,009	-	1,256,009
Committed:				
DCC Reserve	4,119	-	-	4,119
Capital Projects	-	-	90,250	90,250
Assigned to:				
Subsequent Years Expenditures	105,235	-	-	105,235
Unassigned	802,944	-	-	802,944
Total Fund Balances	940,998	1,256,009	90,250	2,287,257
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 981,321	\$ 1,256,017	\$ 99,868	

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 as assets in the funds.

1,856,895

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable
Accrued Bond Interest

(33,595,000)
(148,602)

Net Position of Governmental Activities

\$ (29,599,450)

See accompanying Notes to Basic Financial Statements.

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 2	\$ 8	\$ -	\$ 10
Specific Ownership Taxes	-	1	-	1
Intergovernmental Revenue	955,557	3,440,734	-	4,396,291
Building Permit Review Fees	8,350	-	-	8,350
Net Investment Income	459	213	-	672
Total Revenues	<u>964,368</u>	<u>3,440,956</u>	<u>-</u>	<u>4,405,324</u>
EXPENDITURES				
Current:				
Accounting	44,727	-	-	44,727
Audit	10,950	-	-	10,950
Board Support	5,200	-	-	5,200
Contract Services	60,466	-	-	60,466
Dues and Subscriptions	2,168	-	350	2,518
Insurance and Bonds	7,000	-	-	7,000
Irrigation	92,843	-	-	92,843
Labor	245,410	-	-	245,410
Legal Services	24,435	-	-	24,435
Materials	27,430	-	-	27,430
Payroll Tax Expense	398	-	-	398
Support Management	48,452	-	-	48,452
Debt Service:				
Bond Interest	-	2,333,024	-	2,333,024
Bond Principal	-	560,000	-	560,000
Paying Agent Fees	-	3,631	-	3,631
Capital Outlay:				
Drainage Ditch Improvements	-	-	43,699	43,699
Park Improvements	-	-	13,740	13,740
Reservoir Park	-	-	128,973	128,973
Sidewalk Repairs	-	-	2,945	2,945
Total Expenditures	<u>569,479</u>	<u>2,896,655</u>	<u>189,707</u>	<u>3,655,841</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>394,889</u>	<u>544,301</u>	<u>(189,707)</u>	<u>749,483</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(275,000)	-	275,000	-
Total Other Financing Sources (Uses)	<u>(275,000)</u>	<u>-</u>	<u>275,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	119,889	544,301	85,293	749,483
Fund Balances - Beginning of Year	<u>821,109</u>	<u>711,708</u>	<u>4,957</u>	<u>1,537,774</u>
FUND BALANCES - END OF YEAR	<u>\$ 940,998</u>	<u>\$ 1,256,009</u>	<u>\$ 90,250</u>	<u>\$ 2,287,257</u>

See accompanying Notes to Basic Financial Statements.

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 749,483

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

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

Current Year Capital Assets	186,412
Depreciation Expense	(118,450)

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

Principal Payment	560,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Bond Interest - Change in Liability	2,477
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Changes in Net Position of Governmental Activities	\$ 1,379,922
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**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 2	\$ 2	\$ 2	\$ -
Building Permit Review Fees	15,000	15,000	8,350	(6,650)
Intergovernmental Revenue	940,847	937,315	955,557	18,242
Net Investment Income	5,000	550	459	(91)
Total Revenues	<u>960,849</u>	<u>952,867</u>	<u>964,368</u>	<u>11,501</u>
EXPENDITURES				
Accounting	45,000	48,000	44,727	3,273
Audit	11,000	10,950	10,950	-
Board Support	6,500	5,700	5,200	500
Communications	25,000	15,000	-	15,000
Contingency	10,000	10,000	-	10,000
Contract Services	85,000	75,000	60,466	14,534
Dues and Licenses	1,000	2,168	2,168	-
Insurance and Bonds	8,000	7,000	7,000	-
Irrigation	-	125,000	92,843	32,157
Labor	271,000	271,000	245,410	25,590
Legal Services	35,000	35,000	24,435	10,565
Materials	73,000	62,000	27,430	34,570
Miscellaneous	1,500	1,500	-	1,500
Payroll Tax Expense	500	435	398	37
Support Management	48,451	48,451	48,452	(1)
Water Purchases	70,000	70,000	-	70,000
Total Expenditures	<u>690,951</u>	<u>787,204</u>	<u>569,479</u>	<u>217,725</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	269,898	165,663	394,889	229,226
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(275,000)</u>	<u>(275,000)</u>	<u>(275,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(275,000)</u>	<u>(275,000)</u>	<u>(275,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(5,102)	(109,337)	119,889	229,226
Fund Balances - Beginning of Year	<u>638,405</u>	<u>825,009</u>	<u>821,109</u>	<u>(3,900)</u>
FUND BALANCES - END OF YEAR	<u>\$ 633,303</u>	<u>\$ 715,672</u>	<u>\$ 940,998</u>	<u>\$ 225,326</u>

See accompanying Notes to Basic Financial Statements.

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Meridian Village Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Douglas County on November 20, 2004, 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 established to provide street improvements, parks and recreational facilities, a potable and nonpotable water supply, a sanitation system, traffic and safety controls, a public transportation system, television and signal relay, and mosquito control.

The District was formed in conjunction with Meridian Village Metropolitan Districts Nos. 2, 3, and 4. District No. 1 will serve as the Service District with the responsibility of managing the construction and operation of facilities and improvements needed for the public improvements. District No. 2 serves as a "Financing District" and District Nos. 3 and 4 can serve as the "Financing Districts" with the responsibility of providing the funding and tax base needed to support the capital improvements and operations.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund also accounts for the financial resources of the DCC 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 VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District amended its annual budget for the year ended December 31, 2021.

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

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

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

Parks and Open Space	15 to 50 Years
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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, derivative - interest rate swap, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

Equity

Net Position

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

Fund Balance

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

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

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,004,940
Cash and Investments - Restricted	1,208,727
Total Cash and Investments	\$ 2,213,667

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 13,219
Investments	2,200,448
Total Cash and Investments	\$ 2,213,667

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, the District's cash deposits had a bank and carrying balance of \$13,219.

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 VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series), money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee), CSAFE which are recorded at amortized cost, and COLOTRUST which are recorded at net asset value.

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 1,359,894
First American Government Obligation Funds	Weighted-Average Under 60 Days	840,554
		<u>\$ 2,200,448</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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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 PRIME and COLOTRUST PLUS+ is rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

The District holds all its investments in the COLOTRUST PLUS+ portfolio.

First American Government Obligation Funds

The debt service money that is included in the trust accounts at U.S. Bank is invested in the First American Government Obligation Fund (FAGO). FAGO qualifies as a government money market fund under Rule 2a-7 of the Investment Company Act and seeks to maintain a stable net asset value (NAV) per share of one dollar. Investment securities held are stated at amortized cost (except for investments in other money market funds which are valued at their most current NAV), which approximates fair value. This portfolio is fully guaranteed as to principal and interest by the United States, with a weighted average maturity of 45 days. The Fund is rated AAAM by Standard & Poor's.

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021, follows:

	Balance at December 31, 2020	Increases	Decreases	Balance at December 31, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 167,420	\$ 186,412	\$ 296,394	\$ 57,438
Total Capital Assets, Not Being Depreciated	<u>167,420</u>	<u>186,412</u>	<u>296,394</u>	<u>57,438</u>
Capital Assets, Being Depreciated:				
Badger Gulch	780,559	-	-	780,559
Bridge Extension	791,493	-	-	791,493
Irrigation Control	65,140	-	-	65,140
Park Improvements	444,857	296,394	-	741,251
Pedestrian Underpass	256,900	-	-	256,900
Sidewalks	17,500	-	-	17,500
Total Capital Assets, Being Depreciated	<u>2,356,449</u>	<u>296,394</u>	<u>-</u>	<u>2,652,843</u>
Less Accumulated Depreciation For:				
Badger Gulch	296,609	31,222	-	327,831
Bridge Extension	268,680	31,660	-	300,340
Irrigation Control	24,756	2,603	-	27,359
Park Improvements	22,863	39,537	-	62,400
Pedestrian Underpass	122,028	12,845	-	134,873
Sidewalk	-	583	-	583
Total Accumulated Depreciation	<u>734,936</u>	<u>118,450</u>	<u>-</u>	<u>853,386</u>
Total Capital Assets, Being Depreciated, Net Governmental Activities	<u>1,621,513</u>	<u>177,944</u>	<u>-</u>	<u>1,799,457</u>
Capital Assets, Net	<u>\$ 1,788,933</u>	<u>\$ 364,356</u>	<u>\$ 296,394</u>	<u>\$ 1,856,895</u>

A significant portion of the capital assets constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records.

Depreciation expense for the year ended December 31, 2021, was charged to the District's general government activities.

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Revenue Bonds Payable:					
2007A Bonds	\$ 34,155,000	\$ -	\$ 560,000	\$ 33,595,000	\$ 585,000

General Obligation Bonds, \$35,185,000 Refunding and Improvement Revenue Bonds, Series 2007A, dated November 14, 2007, amended May 15, 2013, November 22, 2013, January 2, 2015, September 1, 2015, and September 1, 2018, with an adjustable interest rate tied to the London Interbank Offered Rate (LIBOR) index plus a defined Applicable Spread. Simultaneously, the District entered into a Swap Agreement with the Royal Bank of Canada (RBC). The Swap Agreement was subsequently transferred to U.S. Bank, which also acts as Trustee for the bonds pursuant to an Indenture of Trust dated the date of the Bonds, supplemented as described below.

The Indenture of Trust has been supplemented five times by a First, Second, Third, Fourth and Fifth Supplemental Indenture of Trust, the last dated September 1, 2018 (the Fifth Indenture). The Fifth Indenture amended the definition of the Applicable Spread to be +148 basis points applied to the LIBOR Index. The reissued bonds mature on December 1, 2047.

The Bonds, the Indentures, the Swap Agreement and all associated documents are available for review upon request to the District. Annual and special event reports are provided to National Repositories by the Trustee acting as the District’s Dissemination Agent.

The Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) revenues pledged under an Intergovernmental Financing Agreement with Meridian Village Metropolitan District No. 2; 2) all net regularly scheduled payments received by the District under the Swap Agreement; 3) all System Development Fee Revenue; and 4) any proceeds of the bonds.

The bond reissuance establishes a Reserve Fund with a minimum requirement of \$600,000. The Reserve Fund balance at December 31, 2021, was \$600,039.

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements to amortize the remaining Series 2007A Bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 585,000	\$ 1,783,223	\$ 2,368,223
2023	610,000	1,752,171	2,362,171
2024	645,000	1,719,792	2,364,792
2025	680,000	1,685,555	2,365,555
2026	710,000	1,649,461	2,359,461
2027-2031	4,235,000	7,638,477	11,873,477
2032-2036	5,700,000	6,361,903	12,061,903
2037-2041	7,400,000	4,679,000	12,079,000
2042-2046	9,930,000	2,488,390	12,418,390
2047	3,100,000	164,548	3,264,548
Total	<u>\$ 33,595,000</u>	<u>\$ 29,922,520</u>	<u>\$ 63,517,520</u>

Interest Rate Swaps

On November 14, 2007, the District entered into a swap agreement with Royal Bank of Canada (RBC) acting through its New York Branch. The swap agreement was amended November 22, 2013. On September 18, 2015, pursuant to the Swap Novation Agreement, RBC transferred the \$35,185,000 par amount of the Series 2007A Bonds to U.S. Bank.

Objective Of The Interest Rate Swaps. The District entered into an interest rate swap agreement to hedge against the risk of increases in their variable rate Series 2007 Bonds. This swap agreement achieves a synthetic average fixed rate of 5.73% over the life of the bonds; however, the District did not make any fixed rate payments to the swap provider until 2014. Therefore, the fixed rate payments beginning in 2014 are made at 9.52% of the outstanding bonds. The Amended Swap Agreement with U.S. Bank, dated September 6, 2018, fixes the interest rate at 5.55% beginning September 4, 2018. In December of 2020, the District entered into a Second and Third Amended Swap Agreement with U.S. Bank, effective December 1, 2020 amending the fixed interest rate to 5.308%.

Terms. The reissued Series 2007 Bonds mature on December 1, 2047, and the related swap terminates on December 1, 2047. The principal amount of the Series 2007 Bonds of \$33,595,000 matches the total of the U.S. Bank swap. The swap fixed rate was amended effective December 1, 2020. In consideration of the fixed rate adjustment, the District paid \$1,377,000 to U.S. Bank. Under the swap, the District pays the counterparty a fixed payment of 5.308% and receives a variable payment based on 67% of LIBOR commencing on December 31, 2020. The Third Amended Swap Agreement has a mandatory early termination date of December 1, 2025 that is notwithstanding the termination date of December 1, 2047.

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Interest Rate Swaps (Continued)

Fair Value. The fair value of the swap at December 31, 2021, as reported by U.S. Bank, was \$(21,159,820). The fair value was determined to be the market price of the swap at December 31, 2021. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments as of December 31, 2021.

When the present value of payments to be made by the District exceeds the present value of payments to be received, the swap has a negative value to the District. The fair value of the swap at December 31, 2020, was \$(24,827,278). During 2021, the swap value increased \$3,667,458, due in part to a \$1,377,000 swap buy down made at the end of 2020.

Credit Risk. As of December 31, 2021, the District is exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated "A+" by Standard & Poor's, "A1" by Moody's and "AA" by Fitch Ratings.

Basis Risk. The District has managed its basis risk by choosing to receive their variable rate payments from U.S. Bank based on LIBOR, which will closely approximate the variable rate interest payments due on the bonds.

Termination Risk. The District or U.S. Bank may terminate the swap if the other party fails to perform under the terms of the contract. If the swap has a negative fair value at the time of the termination, the District could be liable to the counterparty for a payment equal to the swap's fair value. If the swap agreement is terminated the associated variable rate bond would no longer be hedged with a synthetic fixed interest rate. The District is not aware of any existing event that would lead to a termination event with respect to the swap agreement.

Authorized Debt

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$800,000,000 at an interest rate to be determined by the District's Board of Directors. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 4, 2004	Authorization Used				Authorized But Unissued
		Series 2004	Series 2005A	Series 2006A	Series 2007A	
Street Improvements	\$ 50,000,000	\$ 2,000,000	\$ 2,000,000	\$ 1,117,132	\$ 3,725,971	\$ 41,156,897
Parks and Recreational Facilities	50,000,000	-	-	597,579	1,249,340	48,153,081
Portable/Nonpotable Water Supply	50,000,000	4,900,000	4,900,000	460,956	3,967,265	35,771,779
Sanitation	50,000,000	3,100,000	3,100,000	324,333	3,305,850	40,169,817
Traffic and Safety Controls	50,000,000	-	-	-	-	50,000,000
Public Transportation System	50,000,000	-	-	-	-	50,000,000
Television and Signal Relay	50,000,000	-	-	-	-	50,000,000
Mosquito Control	50,000,000	-	-	-	-	50,000,000
Repayment of Debt	400,000,000	-	-	-	22,936,574	377,063,426
Total	\$ 800,000,000	\$ 10,000,000	\$ 10,000,000	\$ 2,500,000	\$ 35,185,000	\$ 742,315,000

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

Pursuant to the Service Plan, dated March 12, 2004, the District's mill levy cap consists of 50.000 mills for debt and 10.000 mills for operating and maintenance, and is subject to adjustment if the laws of the State change with respect to the ratio used to determine the assessment of property for taxation purposes. The method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.15% from 7.20% for property tax years 2019-2020 on April 10, 2019 with a report submitted to the State Board of Equalization. Accordingly, the mill levy may be adjusted to reflect the change in the assessed value calculation. The debt mill levy is limited as follows:

- (a) For that portion of the Districts' general obligation debt which equals or exceeds 50% of the Districts' assessed valuation, the maximum mill levy the Districts can promise to impose for the payment of all issued debt shall be fifty (50.000) mills reduced by the number of mills necessary to pay unlimited mill levy general obligation debt described in (b) below; provided however, that in the event the method of calculating assessed valuation is changed after the date of the approval of this Service Plan, the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

- (b) For that portion of the Districts' general obligation debt which is less than 50% of the Districts' assessed valuation, either on the date of issuance or at any time thereafter, the maximum mill levy the Districts can promise to impose for the payment of such debt shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate.

For purposes of the foregoing, once general obligation debt has been determined to be within (b) above so that the Districts are entitled to pledge to its payment an unlimited ad valorem mill levy, the Districts may provide that such debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the debt to assessed ratio.

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.

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 NET POSITION

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

Restricted assets include net position that is 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, 2021, as follows:

Restricted Net Position:

Emergencies	\$ 28,700
Debt Service	1,107,407
Total Restricted Net Position	<u>\$ 1,136,107</u>

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

NOTE 7 INTERGOVERNMENTAL AGREEMENTS

Intergovernmental Financing Agreement (IFA)

On December 15, 2004, the District entered into an IFA with Meridian Village Metropolitan District No. 2 (District No. 2). The agreement states that the District will construct and finance certain improvements for the benefit of District No. 2 with the issuance of its Revenue Bonds, Series 2004 in the amount of \$10,000,000. District No. 2 shall levy a tax for debt service, as legally adjusted, not to exceed 50.000 mills (Mill Levy). District No. 2 shall remit to the District all amounts derived from the Mill Levy, specific ownership taxes and any other funds legally available to pay principal and interest on the bonds.

On May 27, 2005, the IFA was amended and restated to include the issuance of the Revenue Bonds, Series 2005A in the amount of \$10,000,000 and any additional bonds not to exceed an aggregate principal amount of \$2,500,000.

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Intergovernmental Financing Agreement (IFA) (Continued)

On November 14, 2007, the IFA was amended and restated to include the issuance of the Revenue Bonds, Series 2007A in the amount of \$35,185,000. The agreement states District No. 2 shall levy a tax of 45.000 mills for debt service, as legally adjusted, not to exceed 50.00 mills, until November 2014. After November 2014, the mill levy can be reduced to any amount sufficient to pay debt service.

On November 22, 2013, the IFA was amended and restated to accommodate certain changes in the reissuance of the Revenue Bonds, Series 2007A in the amount of \$35,185,000. The agreement states District No. 2 shall levy a tax of 50.000 mills for debt service and provides that the 50.000 mill limit can be legally adjusted to provide an amount sufficient to pay the debt service.

District Facilities Agreement

On June 1, 2005, the District entered into an intergovernmental financing agreement with District No. 2. The agreement states that the District will provide the operation and maintenance of public facilities and services of benefit to both Districts. District No. 2 shall levy a tax of 10.000 mills for operating and maintenance, as legally adjusted, not to exceed 50.000 mills (Service Levy). In the event that the Service Levy is insufficient to pay the operation and maintenance costs, a uniform fee may be imposed on each single-family lot, multi-family unit, and square foot of commercial development. District No. 2 shall remit to the District all amounts derived from the Service Levy, specific ownership taxes and any other funds legally available to pay principal and interest on the bonds.

Connector Agreement

On June 6, 2000, the District entered into an agreement (restated June 1, 2003, and amended December 7, 2004) for water and sewer connections from Meridian Metropolitan District (Meridian Metro). The District makes water available to Meridian Metro's water supply system in sufficient volume to enable Meridian Metro to make water connections available to the property without using or impairing the water rights presently owned by Meridian Metro. The District will construct all of the needed lines and, upon completion, will convey them to Meridian Metro for maintenance and operations.

MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 RELATED PARTY TRANSACTIONS

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

The Developer, through various related entities, may perform certain maintenance and management functions for the District. The District paid \$43,170 to the Developer or related entities for these services during 2021.

Tech Center Maintenance, an entity related to the Developer, may also perform certain maintenance functions for the District. The District paid \$354,336 to the Developer or related entities for these services during 2021.

At December 31, 2021, \$20,180 in related party amounts are included in accounts payable and \$26,402 are included in accounts receivable.

NOTE 9 INTERFUND TRANSFERS

The transfer from the General Fund to the Capital Projects Fund was to provide funds for future public infrastructure improvements.

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 (the 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, workers' compensation and public officials' liability 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 VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On May 4, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

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

NOTE 12 SUBSEQUENT EVENTS

Effective March 31, 2022, the Indenture of Trust was supplemented for a sixth time (the Sixth Indenture). The Sixth Indenture amended the definition of the Applicable Spread to be +187 basis points applied to the Daily Simple Secured Overnight Financing Rate (SOFR). The reissued bonds mature on December 1, 2047.

In conjunction with the Sixth Indenture, the District entered into a Fourth Amended Swap Agreement which is effective December 1, 2021. Under the Fourth Amended Swap Agreement, the District pays the counterparty a fixed payment of 5.2485% up to April 1, 2022 and 5.4785% on and after April 1, 2022. The District also receives a variable payment based on 67% of SOFR commencing on June, 1 2022. The Fourth Amended Swap Agreement has a mandatory early termination date of March 31, 2032 that is notwithstanding the termination date of December 1, 2047.

SUPPLEMENTARY INFORMATION

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 8	\$ 8	\$ -
Specific Ownership Taxes	1	1	-
Intergovernmental Revenue	3,389,711	3,440,734	51,023
Net Investment Income	5,000	213	(4,787)
Total Revenues	<u>3,394,720</u>	<u>3,440,956</u>	<u>46,236</u>
EXPENDITURES			
Debt Service:			
Bond Interest	2,401,097	2,333,024	68,073
Bond Principal	560,000	560,000	-
Contingency	34,903	-	34,903
Paying Agent Fees	4,000	3,631	369
Total Expenditures	<u>3,000,000</u>	<u>2,896,655</u>	<u>103,345</u>
NET CHANGE IN FUND BALANCE	394,720	544,301	149,581
Fund Balance - Beginning of Year	<u>600,000</u>	<u>711,708</u>	<u>111,708</u>
FUND BALANCE - END OF YEAR	<u>\$ 994,720</u>	<u>\$ 1,256,009</u>	<u>\$ 261,289</u>

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Drainage Ditch Improvements	100,000	43,699	56,301
Dues and Licenses	-	350	(350)
Park Improvements	100,000	13,740	86,260
Reservoir Park	150,000	128,973	21,027
Sidewalk Repairs	20,000	2,945	17,055
Total Expenditures	<u>370,000</u>	<u>189,707</u>	<u>180,293</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(370,000)	(189,707)	180,293
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	275,000	275,000	-
Total Other Financing Sources (Uses)	<u>275,000</u>	<u>275,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(95,000)	85,293	180,293
Fund Balance - Beginning of Year	<u>180,670</u>	<u>4,957</u>	<u>(175,713)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 85,670</u></u>	<u><u>\$ 90,250</u></u>	<u><u>\$ 4,580</u></u>

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

\$35,185,000 Refunding And Improvement
Revenue Bonds
Series 2007A
Original Fixed Swap Rate 9.52%
Restructured Fixed Swap Rate 10.12%-9.52%
Original Date November 14, 2007
Restructure Date November 19, 2013
Restructure Date September 1, 2015
Restructure Date September 1, 2018
Restructure Date December 1, 2020
Restructured Fixed Swap Rate 5.308%
Principal Payable December 1
Interest Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 585,000	\$ 1,783,223	\$ 2,368,223
2023	610,000	1,752,171	2,362,171
2024	645,000	1,719,792	2,364,792
2025	680,000	1,685,555	2,365,555
2026	710,000	1,649,461	2,359,461
2027	745,000	1,611,774	2,356,774
2028	790,000	1,572,230	2,362,230
2029	840,000	1,530,296	2,370,296
2030	890,000	1,485,709	2,375,709
2031	970,000	1,438,468	2,408,468
2032	1,025,000	1,386,980	2,411,980
2033	1,075,000	1,332,573	2,407,573
2034	1,135,000	1,275,512	2,410,512
2035	1,200,000	1,215,267	2,415,267
2036	1,265,000	1,151,571	2,416,571
2037	1,325,000	1,084,424	2,409,424
2038	1,400,000	1,014,093	2,414,093
2039	1,475,000	939,781	2,414,781
2040	1,550,000	861,488	2,411,488
2041	1,650,000	779,214	2,429,214
2042	1,730,000	691,632	2,421,632
2043	1,825,000	599,804	2,424,804
2044	1,925,000	502,933	2,427,933
2045	2,025,000	400,754	2,425,754
2046	2,425,000	293,267	2,718,267
2047	3,100,000	164,548	3,264,548
Total	<u>\$ 33,595,000</u>	<u>\$ 29,922,520</u>	<u>\$ 63,517,520</u>

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2017	\$ 500	60.000	\$ 30	\$ 30	100.00 %
2018	520	66.332	35	35	100.00
2019	4,302,950 (1)	56.055	241,201	241,202	100.00
2020	190	52.055	10	10	100.00
2021	190	51.132	10	10	100.00
Estimated for the Year Ending December 31, 2022	190	51.132	10		

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

(1) - The 2018 Assessed Valuation included a property which was not intended to be included in the application of 2018 taxes. Pursuant to a Resolution adopted on April 9, 2019, the District refunded the 2018 taxes to the property owner, who is also the Developer. Future Assessed Valuations will not include the property.

CONTINUING DISCLOSURE INFORMATION

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
CONTINUING DISCLOSURE OBLIGATION
DECEMBER 31, 2021**

**SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES
COLLECTED FOR MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General Fund	Debt Service	Levied	Collected	
2017	\$ 51,056,710	10.000	50.000	\$ 3,063,403	\$ 3,063,406	100.00 %
2018	62,740,770	11.055	55.277	4,161,721	4,147,940	99.67
2019	65,687,560	11.055	45.000	3,682,116	3,682,120	100.00
2020	75,917,360	11.132	41.000	3,957,724	3,957,640	100.00
2021	79,500,250	11.132	40.000	4,065,007	4,065,011	100.00
Estimated for Year Ending December 31, 2022	\$ 86,917,830	11.132	40.000	\$ 4,444,282		

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.

**SAMPLE MILL LEVY
FOR PROPERTY WITHIN MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2
(UNAUDITED)**

<u>Authority Name</u>	<u>Mills</u>
Urban Drainage & Flood South Platte	0.100
Cherry Creek Basin Water Quality Authority	0.479
Urban Drainage & Flood Control District	0.900
Douglas Public Library District	4.021
Douglas County Law Enforcement	4.500
Douglas County Schools - Debt Service	8.054
South Metro Fire Rescue Protection District	9.319
Douglas County Government	18.524
Douglas County Re-1 School District	35.743
Meridian Village Metropolitan District 2	51.132
Total	<u>132.772</u>

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1
CONTINUING DISCLOSURE OBLIGATION
DECEMBER 31, 2021**

**TEN LARGEST TAXPAYERS IN MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2
(UNAUDITED)**

<u>Owner</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Shea Homes LP	\$ 1,807,340	2.27 %
Public Service Company of CO (Xcel)	1,366,770	1.72
HPA Borrower 2016 2 LLC	83,550	0.11
HPA Borrower 2018 1 ML LLC	78,120	0.10
Homeowner	68,070	0.09
Homeowner	66,500	0.08
Homeowner	65,170	0.08
Homeowner	62,740	0.08
Homeowner	62,530	0.08
Homeowner	61,290	0.08
Total	<u>\$ 3,722,080</u>	<u>4.68 %</u>

**SUMMARY STATEMENT OF PROPERTY ACREAGE
MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1 AND 2
(UNAUDITED)**

	<u>January 1, 2021</u>	<u>Inclusions</u>	<u>Exclusions</u>	<u>December 31, 2021</u>
Acreage	811.80	-	-	811.80

**DEBT COVERAGE RATIO
(UNAUDITED)**

<u>Pledged Revenues</u>	<u>Debt Service</u>	<u>Ratio</u>
\$ 3,440,956	\$ 2,893,024	119%