

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**El Paso County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2019**

## TABLE OF CONTENTS

### INDEPENDENT AUDITOR'S REPORT

### BASIC FINANCIAL STATEMENTS

#### Government-wide Financial Statements:

Statement of Net Position .....	1
Statement of Activities.....	2

#### Fund Financial Statements:

Balance Sheet – Governmental Funds .....	3
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds .....	4
Reconciliation of the Statement of the Revenues, Expenditures and Change in Fund Balances - Governmental Funds to the Statement of Activities .....	5
General Fund – Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual .....	6
Parks and Grounds Fund – Statement of Revenues, Expenditures and Change In Fund Balance – Budget and Actual .....	7
Recreation Fund – Statement of Revenues, Expenditures and Change In Fund Balance – Budget and Actual .....	8
Statement of Net Position – Proprietary Funds.....	9
Statement of Revenues, Expenses and Change in Fund Net Position – Proprietary Funds.....	10
Statement of Cash Flows – Proprietary Fund .....	11

Notes to Financial Statements.....	12
------------------------------------	----

### SUPPLEMENTARY INFORMATION

Capital Projects Fund – Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual .....	26
Water Fund – Schedule of Revenues, Expenditures and Change in Funds Available – Budget and Actual (Budgetary Basis) .....	27
Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and Change in Fund Net Position – Water Fund .....	28
Sewer Fund – Schedule of Revenues, Expenditures and Change in Funds Available – Budget and Actual (Budgetary Basis) .....	29
Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and Change in Fund Net Position – Sewer Fund .....	30

## **Independent Auditor's Report**

Board of Directors

**Meridian Service Metropolitan District**

El Paso County, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Meridian Service Metropolitan District as of and for the year ended December 31, 2019, 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 an opinion 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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 the Meridian Service Metropolitan District as of December 31, 2019, and the respective changes in financial position and, when applicable, cash flows and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

Management has omitted the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*L. Paul Goedecke P.C.*

L. Paul Goedecke, P.C.  
June 30, 2020

## **BASIC FINANCIAL STATEMENTS**

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments - unrestricted	\$ 228,662	\$ 4,507,087	\$ 4,735,749
Cash and investments - restricted	3,931,030	-	3,931,030
Accounts receivable - user fees	237,325	348,546	585,871
Accounts receivable - other	243	-	243
Due from other funds	160,279	198,369	358,648
Prepaid expenses	10,245	12,135	22,380
Security deposit	2,000	9,580	11,580
Capital assets, net			
Park and recreation facilities	11,762,880	-	11,762,880
Vehicles and equipment	31,629	-	31,629
Construction in progress	1,104,479	-	1,104,479
Water and sewer facilities	-	26,394,520	26,394,520
Total assets	<u>17,468,772</u>	<u>31,470,237</u>	<u>48,939,009</u>
<b>LIABILITIES</b>			
Accounts payable	1,096,494	321,243	1,417,737
Deferred revenue	2,445	161,000	163,445
Due to Meridian Ranch Metropolitan District	-	208,000	208,000
Due to other funds	358,648	-	358,648
Noncurrent liabilities			
Due in more than one year	-	21,102,563	21,102,563
Total liabilities	<u>1,457,587</u>	<u>21,792,806</u>	<u>23,250,393</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,898,988	5,291,957	18,190,945
Restricted for emergencies	8,000	-	8,000
Restricted for capital projects	2,572,890	-	2,572,890
Restricted for parks and ground	107,407	-	107,407
Unrestricted	423,900	4,385,474	4,809,374
Total net position	<u>\$ 16,011,185</u>	<u>\$ 9,677,431</u>	<u>\$ 25,688,616</u>

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Change in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities:							
General government	\$ 2,763,894	\$ 2,839,639	\$ -	\$ -	\$ 75,745	\$ -	\$ 75,745
Interest on long-term debt	-	-	-	-	-	-	-
	<u>2,763,894</u>	<u>2,839,639</u>	<u>-</u>	<u>-</u>	<u>75,745</u>	<u>-</u>	<u>75,745</u>
Business-type activities:							
Water	4,073,549	2,580,113	-	1,612,000	-	118,564	118,564
Sewer	3,664,178	2,736,921	-	1,612,000	-	684,743	684,743
	<u>7,737,727</u>	<u>5,317,034</u>	<u>-</u>	<u>3,224,000</u>	<u>-</u>	<u>803,307</u>	<u>803,307</u>
<b>Total</b>	<u>\$ 10,501,621</u>	<u>\$ 8,156,673</u>	<u>\$ -</u>	<u>\$ 3,224,000</u>	<u>75,745</u>	<u>803,307</u>	<u>879,052</u>
General revenues:							
					50,127	-	50,127
					248,000	-	248,000
					<u>298,127</u>	<u>-</u>	<u>298,127</u>
					373,872	803,307	1,177,179
					15,637,313	8,874,124	24,511,437
					<u>\$ 16,011,185</u>	<u>\$ 9,677,431</u>	<u>\$ 25,688,616</u>

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2019**

	<u>General</u>	<u>Parks and Ground</u>	<u>Recreation</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 82,225	\$ 35,201	\$ 80,792	\$ 30,444	\$ 228,662
Cash and investments - restricted	-	107,407	-	3,823,623	3,931,030
Accounts receivable - user fees	-	74,047	163,278	-	237,325
Accounts receivable - other	-	-	243	-	243
Due from other funds	-	-	160,279	-	160,279
Prepaid expenses	6,362	1,456	2,427	-	10,245
Security deposit	2,000	-	-	-	2,000
<b>TOTAL ASSETS</b>	<u>\$ 90,587</u>	<u>\$ 218,111</u>	<u>\$ 407,019</u>	<u>\$ 3,854,067</u>	<u>\$ 4,569,784</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 25,215	\$ 67,623	\$ 77,516	\$ 926,140	\$ 1,096,494
Deferred revenue	2,445	-	-	-	2,445
Due to other funds	3,611	-	-	355,037	358,648
Total liabilities	<u>31,271</u>	<u>67,623</u>	<u>77,516</u>	<u>1,281,177</u>	<u>1,457,587</u>
<b>FUND BALANCES</b>					
Nonspendable					
Prepaid expenditures	6,362	1,456	2,427	-	10,245
Security deposit	2,000	-	-	-	2,000
Spendable					
Restricted:					
Emergency reserves	8,000	-	-	-	8,000
Capital projects	-	-	-	2,572,890	2,572,890
Parks and ground	-	107,407	-	-	107,407
Unassigned	42,954	41,625	327,076	-	411,655
Total fund balances	<u>59,316</u>	<u>150,488</u>	<u>329,503</u>	<u>2,572,890</u>	<u>3,112,197</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 90,587</u>	<u>\$ 218,111</u>	<u>\$ 407,019</u>	<u>\$ 3,854,067</u>	

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.

Capital assets	<u>12,898,988</u>
Net position of governmental activities	<u>\$ 16,011,185</u>

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



**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2019**

	<u>General</u>	<u>Parks and Ground</u>	<u>Recreation</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Falcon Freedom Days	\$ -	\$ -	\$ 40,033	\$ -	\$ 40,033
Fee based programs	-	-	90,369	-	90,369
Landscape, parkways, parks, open space	-	608,605	-	-	608,605
Lease income	17,334	-	-	-	17,334
Street lighting fees	-	139,599	-	-	139,599
Reimbursed expenditures	22,531	-	-	2,813	25,344
Recreation Center	-	-	1,583,149	-	1,583,149
Meridian Ranch IGA revenue	220,000	32,730	-	-	252,730
Miscellaneous	29,609	1,470	1,714	-	32,793
Interest	-	3,120	-	96,690	99,810
Total revenues	<u>289,474</u>	<u>785,524</u>	<u>1,715,265</u>	<u>99,503</u>	<u>2,889,766</u>
<b>EXPENDITURES</b>					
General government	247,095	-	-	-	247,095
Parks and ground	-	813,878	-	-	813,878
Recreation	-	-	1,254,446	-	1,254,446
Capital expenditures	-	15,206	6,316	1,810,763	1,832,285
Total expenditures	<u>247,095</u>	<u>829,084</u>	<u>1,260,762</u>	<u>1,810,763</u>	<u>4,147,704</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>42,379</u>	<u>(43,560)</u>	<u>454,503</u>	<u>(1,711,260)</u>	<u>(1,257,938)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from (to) Capital Projects Fund	-	(79,476)	(125,000)	204,476	-
Transfer from Sewer Fund	-	-	-	248,000	248,000
Total other financing sources (uses)	<u>-</u>	<u>(79,476)</u>	<u>(125,000)</u>	<u>452,476</u>	<u>248,000</u>
<b>NET CHANGE IN FUND BALANCES</b>					
	42,379	(123,036)	329,503	(1,258,784)	(1,009,938)
<b>FUND BALANCES - BEGINNING OF YEAR</b>					
	<u>16,937</u>	<u>273,524</u>	<u>-</u>	<u>3,831,674</u>	<u>4,122,135</u>
<b>FUND BALANCES - END OF YEAR</b>					
	<u>\$ 59,316</u>	<u>\$ 150,488</u>	<u>\$ 329,503</u>	<u>\$ 2,572,890</u>	<u>\$ 3,112,197</u>

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	\$ (1,009,938)
--------------------------------------------------------	----------------

Government funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,832,285
Depreciation	(448,475)
Change in net position - Governmental activities	\$ 373,872

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Reimbursed expenditures	\$ 4,800	\$ 4,800	\$ 4,800	\$ -
IGA revenue - Meridian Ranch	200,000	220,000	220,000	-
The Shops - reimbursed expenditures	14,400	17,500	17,731	231
Miscellaneous	-	30,000	29,609	(391)
Lease income - AT&T	17,334	17,334	17,334	-
Total revenues	<u>236,534</u>	<u>289,634</u>	<u>289,474</u>	<u>(160)</u>
<b>EXPENDITURES</b>				
General and administrative				
Accounting and management	-	5,000	4,982	18
Audit	15,000	20,000	19,912	88
Tech Builders staff services	3,000	-	-	-
Director fees	6,000	6,200	6,100	100
Dues and memberships	2,200	2,500	2,570	(70)
Engineering	-	1,000	685	315
Insurance	300	24,000	23,650	350
Legal	20,000	52,000	50,440	1,560
Marketing/District events	28,000	32,000	30,368	1,632
Miscellaneous	500	1,000	845	155
Payroll	15,356	10,500	10,496	4
Payroll and HR services	22,000	38,000	37,728	272
Training, licenses & certs	2,000	1,000	580	420
Emergency reserve 3%	7,096	-	-	-
Operations and maintenance				
General operations - administration	2,600	3,500	3,349	151
Repairs and maintenance	2,000	3,000	3,028	(28)
Office rental and utilities	52,836	53,000	52,362	638
Total expenditures	<u>178,888</u>	<u>252,700</u>	<u>247,095</u>	<u>5,605</u>
<b>NET CHANGE IN FUND BALANCE</b>	57,646	36,934	42,379	5,445
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>10,903</u>	<u>16,937</u>	<u>16,937</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 68,549</u>	<u>\$ 53,871</u>	<u>\$ 59,316</u>	<u>\$ 5,445</u>

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PARKS AND GROUNDS FUND**  
**Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Recreation Center	\$ 1,576,656	\$ -	\$ -	\$ -
Landscape, parkways, parks, open space	635,541	612,353	596,833	(15,520)
Parks and open space - Commercial	-	11,772	11,772	-
Interest	-	3,173	3,120	(53)
Street lighting fees	139,336	138,094	139,599	1,505
IGA revenue - MRMD (CTF)	29,000	33,683	32,730	(953)
Falcon Freedom Days donations	30,000	-	-	-
Miscellaneous	-	250	1,470	1,220
Total revenues	<u>2,410,533</u>	<u>799,325</u>	<u>785,524</u>	<u>(13,801)</u>
<b>EXPENDITURES</b>				
General and administrative				
Accounting and management	23,067	24,673	22,375	2,298
Tech Builders staff services	7,500	-	-	-
Engineering/consulting	6,000	2,508	2,767	(259)
Insurance	27,500	10,600	11,477	(877)
Legal	10,000	1,902	2,643	(741)
Office expense	6,000	2,000	3,487	(1,487)
Payroll	857,772	117,660	132,427	(14,767)
Training, licenses & certs	2,500	1,000	528	472
Miscellaneous	1,000	500	754	(254)
Operations and maintenance				
District events	15000	-	-	-
Falcon Freedom Days	62000	-	-	-
Landscaping	428,880	412,765	364,939	47,826
Landscape repairs and maintenance	40,500	30,000	62,179	(32,179)
Park maintenance	58,000	44,500	39,270	5,230
Pond maintenance	15,000	12,000	13,591	(1,591)
Recreation center operations/maintenance	236,700	-	-	-
Repairs and maintenance	8,000	8,000	8,517	(517)
Utilities - recreation center	181,200	-	-	-
Utilities - street lights	135,000	151,000	126,263	24,737
Utilities - Landscape & parks	22,000	-	22,661	(22,661)
Capital outlay				
Capital projects	21,500	8,000	15,206	(7,206)
Transfer to Reserve Fund	151,610	-	-	-
Total expenditures	<u>2,316,729</u>	<u>827,108</u>	<u>829,084</u>	<u>(1,976)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>93,804</u>	<u>(27,783)</u>	<u>(43,560)</u>	<u>(15,777)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Sewer Fund	750,000	750,000	-	(750,000)
Transfer to Capital Projects Fund	(688,454)	(563,454)	(79,476)	483,978
Total other financing sources (uses)	<u>61,546</u>	<u>186,546</u>	<u>(79,476)</u>	<u>(266,022)</u>
<b>NET CHANGE IN FUND BALANCE</b>	155,350	158,763	(123,036)	(281,799)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>72,881</u>	<u>273,524</u>	<u>273,524</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 228,231</u>	<u>\$ 432,287</u>	<u>\$ 150,488</u>	<u>\$ (281,799)</u>

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**RECREATION FUND**  
**Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Recreation Center	\$ -	\$ 1,428,820	\$ 1,583,149	\$ 154,329
Fee based program: Facility	-	28,746	28,899	153
Fee based programming	-	64,923	61,470	(3,453)
Falcon Freedom Days donations	-	40,033	40,033	-
Miscellaneous	-	973	1,714	741
Total revenues	-	1,563,495	1,715,265	151,770
<b>EXPENDITURES</b>				
General and administrative				
Accounting and management	-	40,989	37,287	3,702
Engineering/consulting	-	12,956	11,573	1,383
Insurance	-	15,500	13,815	1,685
Legal	-	3,411	3,851	(440)
Office expense	-	4,995	5,788	(793)
Payroll	-	644,626	652,103	(7,477)
Miscellaneous	-	4,170	-	4,170
Events				
District events	-	12,802	12,165	637
Falcon Freedom Days	-	46,254	46,254	-
Operations and maintenance				
Program expense	-	13,545	18,381	(4,836)
Repairs and maintenance	-	90,892	88,761	2,131
Supplies	-	24,200	24,533	(333)
Security	-	3,538	3,424	114
Rec Ctr grounds and maintenance	-	28,663	26,639	2,024
IT/Digital/Software	-	26,345	28,942	(2,597)
Equipment and furniture replacement	-	85,000	85,072	(72)
Pool operations and maintenance	-	34,852	27,838	7,014
Utilities	-	167,784	167,016	768
Miscellaneous	-	-	1,004	(1,004)
Capital outlay				
Capital projects	-	-	6,316	(6,316)
Total expenditures	-	1,260,522	1,260,762	(240)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	302,973	454,503	151,530
<b>OTHER FINANCING USES</b>				
Transfer to Capital Projects Fund	-	(188,800)	(125,000)	63,800
Total other financing uses	-	(188,800)	(125,000)	63,800
<b>NET CHANGE IN FUND BALANCE</b>	-	114,173	329,503	215,330
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ 114,173	\$ 329,503	\$ 215,330

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2019**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,402,505	\$ 2,104,582	\$ 4,507,087
Due from other funds	138,434	59,935	198,369
Accounts receivable - user fees	201,497	147,049	348,546
Prepaid expenses	6,148	5,987	12,135
Deposits	4,790	4,790	9,580
Total current assets	2,753,374	2,322,343	5,075,717
Capital assets:			
Capital assets, not being depreciated	269,837	-	269,837
Capital assets, being depreciated	29,447,139	15,307,526	44,754,665
Total capital assets	29,716,976	15,307,526	45,024,502
Less accumulated depreciation	(12,695,320)	(5,934,662)	(18,629,982)
Total capital assets (net of accumulated depreciation)	17,021,656	9,372,864	26,394,520
Total assets	\$ 19,775,030	\$ 11,695,207	\$ 31,470,237
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 140,631	\$ 180,612	\$ 321,243
Deferred revenue	81,000	80,000	161,000
Facility fees payables - Meridian Ranch Metropolitan District	104,000	104,000	208,000
Noncurrent liabilities :			
Developer advances payable and accrued interest	19,080,679	2,021,884	21,102,563
Total liabilities	19,406,310	2,386,496	21,792,806
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	(2,059,023)	7,350,980	5,291,957
Unrestricted	2,427,743	1,957,731	4,385,474
Total net position	368,720	9,308,711	9,677,431
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 19,775,030</b>	<b>\$ 11,695,207</b>	<b>\$ 31,470,237</b>

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2019**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Service charges	\$ 2,394,147	\$ 1,367,955	\$ 3,762,102
Meter services	129,670	-	129,670
Total operating revenues	<u>2,523,817</u>	<u>1,367,955</u>	<u>3,891,772</u>
<b>OPERATING EXPENSES</b>			
Cost of services			
Water operations	631,656	-	631,656
Sewer operations	-	339,493	339,493
Lift station operations	-	169,695	169,695
Engineering	27,588	94,829	122,417
Payroll	391,188	305,400	696,588
Permits	625	-	625
Repairs and maintenance	13,854	11,082	24,936
Tank cleaning and maintenance	237,026	-	237,026
Administrative and general expenses			
Accounting and management	94,437	89,496	183,933
Insurance	41,460	34,639	76,099
Legal	10,195	212,466	222,661
Miscellaneous	5,700	3,169	8,869
Office expense	8,579	7,828	16,407
Depreciation	979,241	516,081	1,495,322
Total operating expenses	<u>2,441,549</u>	<u>1,784,178</u>	<u>4,225,727</u>
<b>OPERATING INCOME (LOSS)</b>	<u>82,268</u>	<u>(416,223)</u>	<u>(333,955)</u>
<b>NONOPERATING REVENUES AND (EXPENSES)</b>			
Reimbursed expenditures	11,001	59,007	70,008
Facilities fees - Meridian Ranch Metropolitan District	1,612,000	1,612,000	3,224,000
Facilities fees - Sterling Ranch	-	1,167,263	1,167,263
Facilities fees reimbursement - IGA Meridian Ranch	(1,632,000)	(1,632,000)	(3,264,000)
Miscellaneous income	45,295	142,696	187,991
Total nonoperating revenues (expenses)	<u>36,296</u>	<u>1,348,966</u>	<u>1,385,262</u>
<b>INCOME BEFORE OTHER FINANCING USES</b>	<u>118,564</u>	<u>932,743</u>	<u>1,051,307</u>
<b>OTHER FINANCING USES</b>			
Transfer to Capital Fund	-	(248,000)	(248,000)
Total other financing uses	<u>-</u>	<u>(248,000)</u>	<u>(248,000)</u>
<b>CHANGE IN NET POSITION</b>	118,564	684,743	803,307
<b>NET POSITION - BEGINNING OF YEAR - RESTATED</b>	<u>250,156</u>	<u>8,623,968</u>	<u>8,874,124</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 368,720</u>	<u>\$ 9,308,711</u>	<u>\$ 9,677,431</u>

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**Year Ended December 31, 2019**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,372,002	\$ 1,302,166	\$ 3,674,168
Payments to vendors	(1,660,214)	(1,247,282)	(2,907,496)
Prepaid expenses	(6,148)	(5,987)	(12,135)
Deposits	(4,790)	(4,790)	(9,580)
Deferred revenue	16,680	20,000	36,680
Net cash provided by operating activities	<u>717,530</u>	<u>64,107</u>	<u>781,637</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Reimbursed expenditures	75,320	119,007	194,327
Miscellaneous income	45,295	142,696	187,991
Facilities fees - Meridian Ranch Metropolitan District	1,612,000	1,612,000	3,224,000
Facilities fees - Sterling Ranch	-	1,167,263	1,167,263
Transfers to other funds	-	(248,000)	(248,000)
Acquisition of capital assets	(63,670)	(123,881)	(187,551)
Facilities fees paid- IGA Meridian Ranch	(1,693,000)	(1,693,000)	(3,386,000)
Net cash provided by (used in) capital and related financing activities	<u>(24,055)</u>	<u>976,085</u>	<u>952,030</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	693,475	1,040,192	1,733,667
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,709,030</u>	<u>1,064,390</u>	<u>2,773,420</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,402,505</u>	<u>\$ 2,104,582</u>	<u>\$ 4,507,087</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
Net income (loss) from operations	\$ 82,268	\$ (416,223)	\$ (333,955)
Adjustments to reconcile net income (loss ) from operations to net cash provided by operating activities:			
Depreciation	979,241	516,081	1,495,322
Effects of changes in operating assets and liabilities:			
Decrease in amount due from other funds	(138,434)	(59,935)	(198,369)
Increase in accounts receivable	(13,381)	(5,854)	(19,235)
Increase (decrease) in accounts payable	(197,906)	20,815	(177,091)
Decrease in prepaid expenses	(6,148)	(5,987)	(12,135)
Decrease in deposits	(4,790)	(4,790)	(9,580)
Increase in deferred revenue	16,680	20,000	36,680
Net cash provided by operating activities	<u>\$ 717,530</u>	<u>\$ 64,107</u>	<u>\$ 781,637</u>

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



**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Meridian Service Metropolitan District (the District or Meridian Service), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on May 5, 1998 concurrently with Meridian Ranch Metropolitan District (collectively, the Districts) to provide water and wastewater service, street improvements, safety protection, parks and recreation facilities, drainage, landscape, mosquito control, transportation and television relay for public and private purposes by any available means. The Districts also have limited fire protection powers in a cooperative manner with Falcon Fire Protection District. The District is intended to be the operating district related to Meridian Ranch Metropolitan District (Meridian Ranch), the financing district (see Note 9).

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.

**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. For the most part, the effect of interfund activity has been removed from these statements. 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 assets and liabilities of the District is reported as net position.

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

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds 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*. 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 measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

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 Parks and Recreation Fund accounts for parks and recreation 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 continued basis be financed or recovered primarily through user charges.

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

The District reports the following major proprietary funds:

The Water Fund accounts for the water 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.

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Sewer Fund accounts for the sewer 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.

**Fund Balances**

The District's governmental fund balances may consist of five classifications based on the relative strength of spending constraints:

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

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. 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 above criteria.

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

**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.

For the year ended December 31, 2019, supplementary appropriations approved by the District modified the appropriation from \$178,888 to \$252,700 in the General Fund, from \$3,005,183 to \$1,390,562 in the Parks and Grounds Fund, from \$0 to \$1,449,322 in the Recreational Fund, from \$3,839,681 to \$3,203,906 in the Water Fund and \$4,458,039 to \$3,592,608 in the Sewer Fund.

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. Investments are carried at fair value.

**Cash Equivalents**

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

**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 revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

**Capital Assets**

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, water and sewer facilities 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 estimated fair 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 invested in capital assets, net of related debt component of the District's net assets.

**MERIDIAN SERVICE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

Park and recreation facilities	40 years
Water facilities	30 years
Sewer facilities	30 years
Vehicles and equipment	5–15 years

**Facilities Fees**

A water tap fee and a sewer tap fee per single family equivalent unit are charged against properties within the District. The facilities fee is due at the time of issuance of a building permit.

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents - unrestricted	\$ 4,735,749
Cash and cash equivalents – restricted	<u>3,931,030</u>
Total cash and cash equivalents	<u><u>\$ 8,666,779</u></u>

Cash and investments as of December 31, 2019 consist of the following:

Deposits with financial institutions	\$ 2,649,915
Investments - COLOTRUST	<u>6,016,864</u>
Total cash and investments	<u><u>\$ 8,666,779</u></u>

**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.

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 – CASH AND INVESTMENTS (CONTINUED)**

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

At December 31, 2019, the District’s cash deposits had a bank balance of \$2,654,784 and a carrying balance of \$2,649,915.

**Investments**

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

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

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

The District generally limits its concentration of investments to those noted with an asterisk (\*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

The local government investment pools include the Colorado Local Government Liquid Assets Trust (ColoTrust) rated AAAM by S&P Global Ratings.

As of December 31, 2019 the District had the following investments:

<b><u>Investment</u></b>	<b><u>Maturity</u></b>	<b><u>Fair Value</u></b>
Colorado Liquid Asset Trust	Less than one year	\$6,016,864

**COLOTRUST**

During 2019, the District invested in the Colorado Local Government Liquid Asset Trust (Colostrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State

Securities Commission administers and enforces all State statutes governing Colostrust. Colostrust operates similarly to a money market fund and each share is equal in value to \$1.00.

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

Colotrust 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. As of December 31, 2019, the District has \$6,016,864 invested in COLOTRUST PLUS+. ColoTrust is rated AAAM by S&P Global Ratings.

**Investment Valuation**

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in Colotrust at year end for which the investment valuations were determined as follows.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities,

which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share.

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 – CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

<b>Governmental activities:</b>	<b>Balance at December 31, 2018</b>	<b>Additions</b>	<b>Transfers</b>	<b>Disposals/ Retirements</b>	<b>Balance at December 31, 2019</b>
Capital assets being depreciated:					
Park and recreation facilities	\$ 14,846,519	\$ 715,369	\$ -	\$ -	\$ 15,561,888
Vehicles and equipment	83,570	12,437	-	-	96,007
Total capital assets being depreciated	<u>14,930,089</u>	<u>727,806</u>	<u>-</u>	<u>-</u>	<u>15,657,895</u>
Less accumulated depreciation for:					
Park and recreation facilities	3,366,433	432,575	-	-	3,799,008
Vehicles and equipment	48,478	15,900	-	-	64,378
Total accumulated depreciation	<u>3,414,911</u>	<u>448,475</u>	<u>-</u>	<u>-</u>	<u>3,863,386</u>
Total capital assets being depreciated, net	<u>11,515,178</u>	<u>279,331</u>	<u>-</u>	<u>-</u>	<u>11,794,509</u>
Capital assets not being depreciated:					
Construction in progress	-	1,104,479	-	-	1,104,479
Total capital assets, not being depreciated	<u>-</u>	<u>1,104,479</u>	<u>-</u>	<u>-</u>	<u>1,104,479</u>
Governmental activities capital assets, net	<u>\$ 11,515,178</u>	<u>\$ 1,383,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,898,988</u>
<b>Business-type activities:</b>	<b>Balance at December 31, 2018</b>	<b>Additions</b>	<b>Transfers</b>	<b>Disposals/ Retirements</b>	<b>Balance at December 31, 2019</b>
Capital assets being depreciated:					
Water system facilities	\$ 28,708,065	\$ 63,670	\$ 675,404	\$ -	\$ 29,447,139
Sewer system facilities	15,183,645	123,881	-	-	15,307,526
Total capital assets being depreciated	<u>43,891,710</u>	<u>187,551</u>	<u>675,404</u>	<u>-</u>	<u>44,754,665</u>
Less accumulated depreciation for:					
Water system facilities	11,716,079	979,241	-	-	12,695,320
Sewer system facilities	5,418,581	516,081	-	-	5,934,662
Total accumulated depreciation	<u>17,134,660</u>	<u>1,495,322</u>	<u>-</u>	<u>-</u>	<u>18,629,982</u>
Total capital assets being depreciated, net	<u>26,757,050</u>	<u>(1,307,771)</u>	<u>675,404</u>	<u>-</u>	<u>26,124,683</u>
Capital assets not being depreciated:					
Water purchase	257,085	-	-	-	257,085
Construction in progress	688,156	-	(675,404)	-	12,752
Total capital assets not being depreciated	<u>945,241</u>	<u>-</u>	<u>(675,404)</u>	<u>-</u>	<u>269,837</u>
Business-type activities capital assets, net	<u>\$ 27,702,291</u>	<u>\$ (1,307,771)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,394,520</u>



**MERIDIAN SERVICE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

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

Governmental activities:	
Park and recreation facilities	\$ 432,575
Vehicles and equipment	<u>15,900</u>
Total depreciation expense – Governmental activities	<u>\$ 448,475</u>
Business-type activities:	
Water	\$ 979,241
Sewer	<u>516,081</u>
Total depreciation expense – Business-type activities	<u>\$ 1,495,322</u>

**NOTE 5 – LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District’s long-term obligations for the year ended December 31, 2019:

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Reductions/ Transfers</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Developer advances	9,295,844	-	-	9,295,844	-
Interest accrued - Developer advances	11,806,719	-	-	11,806,719	-
Total business activities	<u>21,102,563</u>	<u>-</u>	<u>-</u>	<u>21,102,563</u>	<u>-</u>
	<u>\$ 21,102,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,102,563</u>	<u>\$ -</u>

**Developer Advances**

On March 20, 2001, the District entered into a Reimbursement Agreement with GTL Development, Inc. (Developer) to reimburse the Developer for advances made on behalf of the District for operations, maintenance and capital infrastructure costs, along with accrued interest from the date of receipt of the advance at the rate of 5%. On March 4, 2020, this agreement was revised whereby the Developer agreed to forego the accrual of interest effective March 18, 2018 until January 1, 2026 (see note 13).

As of December 31, 2019, outstanding Developer advances totaled \$9,295,844 and accumulated accrued interest totaled \$11,806,719.

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$170,000,000 at an interest rate not to exceed 16% per annum.

At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<b>Amount Authorized on November 7, 2000</b>	<b>Remaining at December 31, 2019</b>
Street improvements	\$ 29,435,000	\$ 29,435,000
Water	35,765,000	35,765,000
Sanitation	7,320,000	7,320,000
Safety protection	1,740,000	1,740,000
Park and recreation	7,620,000	7,620,000
Mosquito control	1,305,000	1,305,000
Television relay and translation	1,055,000	1,055,000
Public transportation	260,000	260,000
Operations	500,000	500,000
Refunding	85,000,000	85,000,000
	<u>\$ 170,000,000</u>	<u>\$ 170,000,000</u>

**NOTE 6 – NET POSITION**

The District’s net position consists of three components – invested in capital assets, net of related debt, restricted and unrestricted. Invested in capital assets, net of related debt 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, 2019, the District had an investment in capital assets, net of related debt of \$18,190,945 calculated as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Invested in capital assets, net of related debt:			
Capital assets, net	\$ 12,898,988	\$ 26,394,520	\$ 39,293,508
Noncurrent portion of long-term obligations	-	(21,102,563)	(21,102,563)
Invested in capital asset, net of related debt	<u>\$ 12,898,988</u>	<u>\$ 5,291,957</u>	<u>\$ 18,190,945</u>

The restricted fund balance in the General Fund in the amount of \$8,000 is comprised of the Emergency Reserves that have been provided for by Article X, Section 20 of the Constitution of the State of Colorado (see Note 13).

**MERIDIAN SERVICE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 – NET POSITION (CONTINUED)**

The restricted fund balance in the Park and Recreation Fund in the amount of \$107,407 is comprised of Conservation Trust Funds and is to be used exclusively for parks and recreation.

The restricted fund balance in the Capital Projects Fund in the amount of \$2,572,890 is to be used for capital projects.

The District's unrestricted net position (deficit) at December 31, 2019 totaled \$3,558,641 comprised of (\$826,833) in the governmental activities and \$4,385,474 in the business-type activities.

**NOTE 7 – FUND EQUITY**

At December 31, 2019, the District reported the following classifications of fund equity.

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund, Parks and Grounds Fund and Recreation Fund in the amount of \$12,245 represent prepaid expenditures and deposits are for the ensuing future year and are therefore not in a spendable form.

**Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$8,000 is comprised of the Emergency Reserves that have been provided for by Article X, Section 20 of the Constitution of the State of Colorado (see Note 13).

The restricted fund balance in the Parks and Recreation Fund in the amount of \$107,407 is comprised of Conservation Trust Funds and is to be used exclusively for parks and recreation.

**NOTE 8 – INTERGOVERNMENTAL AGREEMENT**

**Meridian Service Agreement**

The District entered into an Intergovernmental Agreement with Meridian Ranch on July 17, 2001 to set forth rights and obligations of the Districts pursuant to their respective service plans. The Districts agree that the facilities described in the service plans are needed by the District and that such facilities will benefit the residents and property owners in both Districts in terms of cost, quality and level of service.

Each of the Districts agree that the District will own (subject to potential transfer to other governmental entities or authorities) operate, maintain and construct facilities benefiting both Districts, and that Meridian Ranch will contribute to the costs of construction, operation, and maintenance of such facilities.

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 8 – INTERGOVERNMENTAL AGREEMENT (CONTINUED)**

In this regard, Meridian Ranch agreed to issue limited tax general obligation bonds, or if bonds are not issued, Meridian Ranch has agreed to pledge its ad valorem tax revenue at the times and in the amounts required to meet its obligations subject to a 50.000 mill cap (2001 equivalency). If bonds are issued, Meridian Ranch will transfer the net proceeds of the bonds to the District. Any and all bond proceeds received by the District will be applied to the payment of public infrastructure costs or will be utilized to pay all or a portion of Meridian Ranch's outstanding bonds. During the year ended 2018, Meridian Ranch issued a loan and transferred the proceeds to the District. The transfers are shown as an other financing sources in the financial statements. To assist in the repayment of Meridian Ranch's subordinate bonds, the District is required to transfer revenue collected from facilities fees and/or user fees to Meridian Ranch. The water taps from Latigo Trails are not included in fees transferred to Meridian Ranch.

During 2019, the District transferred a total of \$3,264,000 (204 water/ sewer taps at \$16,000 each) to Meridian Ranch to assist in the repayment of the subordinate bonds issued by Meridian Ranch.

**NOTE 9 – RELATED PARTIES**

Some of the members of the Board of Directors are affiliated with or are employees of developers of land within the District. These members may have conflicts of interest with respect to certain transactions which come before the Board.

**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 SERVICE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 – TAX, SPENDING AND DEBT LIMITATION**

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

On November 7, 2000, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve any and all revenue annually from any revenue source other than ad valorem taxes.

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

**NOTE 12 – PENSION PLAN**

**Defined Contribution Money Purchase Plan - IRC 401(a) and Deferred Compensation Plan**

The District has adopted an employees’ qualified money purchase plan and trust (the Plan) in accordance with Internal Revenue Code Section 401(a). The Plan is administered by ICMA Retirement Corporation. The Plan is a defined contribution plan with the District contributing an amount equal to 6.2% of each participant’s compensation for the year. Each full-time employee, minimum age of 16, is eligible to become a participant. Each participant is required to match the District’s contribution. The District adopted an employees’ 457(b) deferred compensation plan where the District shall contribute on behalf of each participant 100% of the voluntary participant contribution made by the participant for the plan year not to exceed 3% of earnings. The District is not liable for further pension benefits in excess of the contributions made to the Plan nor liable for losses from depreciation or shrinkage in the value of any investments acquired under the Plan. The employer and the employees’ contributions are fully vested at the date of contribution. Contributions are tax deferred until withdrawn. The District contributed \$69,502 to the Plan in 2019.

**NOTE 13 – WASTEWATER ARBITRATION CASE**

The District is currently in arbitration before Judicial Arbitrator Group, Inc. (JAG) with Cherokee Metropolitan District (Cherokee). The arbitration involves issues over a 2003 intergovernmental agreement known as Chino Basin Wastewater Treatment Facility and Black Squirrel Basin Recharge Facility Intergovernmental Agreement (the IGA). The District contends that Cherokee has breached the IGA by demanding amounts from the District to which it is not entitled under the IGA. The District also contends that Cherokee breached the IGA and made misrepresentations to the District relating to an undisclosed stipulation which has materially affected the District’s ability to benefit from a replacement plan. Cherokee’s counterclaims assert that the District has failed to pay amounts due under the IGA. The District seeks damages (yet to be determined) and declaratory relief. The arbitration has been scheduled to begin January 18, 2021.

**MERIDIAN SERVICE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 14 – 2017 STATE BANK EASEMENT AGREEMENT TERMINATION**

The District entered into an easement agreement in 2017 with State Bank (Bank) which granted the District a utility easement on property owned by the Bank. The Bank has raised concerns that it does not believe the easement agreement is valid. The Bank has threatened to seek to terminate the agreement unless the District agrees to pay the Bank approximately \$270,000 (estimated FMV), exclude the property from the District, refund property taxes (probably less than \$1,500) and attorneys’ fees in the amount of approximately \$4,500. The District feels strongly that the easement is valid and hopes to engage in dialogue with the Bank to resolve this matter without litigation.

**NOTE 15 – RESTATEMENT**

The District has restated the prior year’s net position for its Business-Type Activity Funds from \$8,537,849 to \$8,874,124 due to an adjustment of accrued interest on developer advances (see Note 5). This adjustment resulted in a restatement of fund balances as follows:

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total Business-Type Activities</b>
Net position, as originally reported December 31, 2018	\$ (49,468)	\$ 8,587,317	\$ 8,537,849
Adjustment to adjust accrued interest on developer advances	299,624	36,651	336,275
Net position, as restated as of December 31, 2018	\$ 250,156	\$ 8,623,968	\$ 8,874,124

**NOTE 16 – SUBSEQUENT EVENT**

On March 4, 2020, the District signed an agreement with GTL, INC. regarding Unreimbursed Advances. The agreement reduces the interest rate on the outstanding balance of the developer advances from 6% to 0% until January 1, 2026.

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

**SUPPLEMENTARY INFORMATION**

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
IGA revenue from MRMD (Excess taps)	\$ 750,000	\$ 750,000	\$ -	\$ (750,000)
Interest	-	101,441	96,690	(4,751)
Reimbursed expenditures	-	-	2,813	2,813
Total revenues	<u>750,000</u>	<u>851,441</u>	<u>99,503</u>	<u>(751,938)</u>
<b>EXPENDITURES</b>				
Parks and grounds	688,454	563,454	715,369	(151,915)
Recreation	-	155,064	-	155,064
Water projects	3,169,100	1,480,100	1,084,505	395,595
Sewer projects	248,000	253,000	10,889	242,111
Other projects	100,000	20,000	-	20,000
Developer reimbursements	750,000	750,000	-	750,000
Legal	10,000	10,000	-	10,000
Total expenditures	<u>4,965,554</u>	<u>3,231,618</u>	<u>1,810,763</u>	<u>1,420,855</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u>(4,215,554)</u>	<u>(2,380,177)</u>	<u>(1,711,260)</u>	<u>668,917</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from Parks and Ground Fund	688,454	563,454	79,476	(483,978)
Transfer from Recreation Fund	-	188,800	125,000	(63,800)
Transfer from Sewer Fund	248,000	248,000	248,000	-
Total other financing sources	<u>936,454</u>	<u>1,000,254</u>	<u>452,476</u>	<u>(547,778)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(3,279,100)</u>	<u>(1,379,923)</u>	<u>(1,258,784)</u>	<u>121,139</u>
<b>FUND BALANCE (DEFICIT) - BEGINNING OF YEAR</b>	<u>3,796,866</u>	<u>3,831,674</u>	<u>3,831,674</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 517,766</u>	<u>\$ 2,451,751</u>	<u>\$ 2,572,890</u>	<u>\$ 121,139</u>



**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**WATER FUND**  
**Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget -</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Water fees	\$ 2,320,749	\$ 2,288,163	\$ 2,394,147	\$ 105,984
Meter service	135,000	126,500	129,670	3,170
Facilities fees - Meridian Ranch	1,800,000	1,192,000	1,612,000	420,000
Reimbursed expenditures	10,000	11,315	11,001	(314)
Miscellaneous income	-	43,236	45,295	2,059
Total revenues	<u>4,265,749</u>	<u>3,661,214</u>	<u>\$ 4,192,113</u>	<u>530,899</u>
<b>EXPENDITURES</b>				
General and administrative				
Accounting and management	86,534	102,932	94,437	8,495
Tech Builders staff services	6,726	-	-	-
Insurance	55,000	44,881	41,460	3,421
Legal	75,000	15,000	10,195	4,805
Office expense	8,000	8,000	8,579	(579)
Payroll	418,021	346,608	391,188	(44,580)
Training, licenses and certificates	3,000	2,000	-	2,000
Miscellaneous	7,000	4,552	5,700	(1,148)
Operations and maintenance				
Engineering	65,000	23,624	27,588	(3,964)
Facilities fees paid - IGA Meridian Ranch	1,800,000	1,192,000	1,632,000	(440,000)
Permits and fees	1,000	1,000	625	375
Repairs and maintenance	56,000	53,650	13,854	39,796
Tank cleaning and maintenance	-	167,349	237,026	(69,677)
Water operations	628,400	610,766	631,656	(20,890)
Capital outlay	30,000	31,544	63,670	(32,126)
Total expenditures	<u>3,239,681</u>	<u>2,603,906</u>	<u>3,157,978</u>	<u>(554,072)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>1,026,068</u>	<u>1,057,308</u>	<u>1,034,135</u>	<u>(23,173)</u>
<b>OTHER FINANCING USES</b>				
Transfer to Reserve Fund (5%)	(300,000)	(300,000)	-	300,000
Transfer to Reserve Fund Contra	-	300,000	-	(300,000)
Transfer to Rate Stabilization Reserve	(300,000)	(300,000)	-	300,000
Transfer to Rate Stabilization Reserve Contra	-	300,000	-	(300,000)
Total other financing uses	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	426,068	1,057,308	1,034,135	(23,173)
<b>FUNDS AVAILABLE - BEGINNING OF YEAR</b>	<u>729,715</u>	<u>1,393,608</u>	<u>1,393,608</u>	<u>-</u>
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ 1,155,783</u>	<u>\$ 2,450,916</u>	<u>\$ 2,427,743</u>	<u>\$ (23,173)</u>

Funds available at December 31, 2019 is computed as follows:

Current assets	\$ 2,753,374
Current liabilities	(325,631)
	<u>\$ 2,427,743</u>

**MERIDIAN SERVICE METROPOLITAN DISTRICT  
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF  
REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION  
WATER FUND  
Year Ended December 31, 2019**

Revenues (budgetary basis)	\$ 4,192,113
Revenues per Statement of Revenues, Expenses and Change in Fund Net Position	4,192,113
Expenditures (budgetary basis)	3,157,978
Depreciation	979,241
Capital outlay	(63,670)
Expenses per Statement of Revenues, Expenses and Change in Fund Net Position	4,073,549
Change in net assets per Statement of Revenues, Expenses and Change in Fund Net Position	\$ 118,564

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**SEWER FUND**  
**Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Sewer fees	\$ 1,350,686	\$ 1,348,821	\$ 1,367,955	\$ 19,134
Reimbursed expenditures	100,000	79,506	59,007	(20,499)
Facilities fees - Meridian Ranch	1,800,000	1,192,000	1,612,000	420,000
Sterling Ranch	1,120,137	1,169,196	1,167,263	(1,933)
Miscellaneous	-	142,288	142,696	408
Total revenues	<u>4,370,823</u>	<u>3,931,811</u>	<u>4,348,921</u>	<u>417,110</u>
<b>EXPENDITURES</b>				
General and administrative				
Accounting and management	19,204	97,895	89,496	8,399
Insurance	17,000	36,083	34,639	1,444
Legal	30,000	228,726	212,466	16,260
Office expense	4,000	5,514	7,828	(2,314)
Payroll	246,197	304,900	305,400	(500)
Miscellaneous	8,518	5,820	3,169	2,651
Operations and maintenance				
Engineering	35,000	98,892	94,829	4,063
Facilities fees paid - IGA Meridian Ranch	1,800,000	1,192,000	1,632,000	(440,000)
Repairs and maintenance	34,500	35,273	11,082	24,191
Sewer operations	349,200	279,233	339,493	(60,260)
Lift station costs - shared	85,500	95,041	91,915	3,126
Lift station operations - Meridian Service	142,300	97,471	77,780	19,691
Capital outlay	30,000	117,760	123,881	(6,121)
Total expenditures	<u>2,801,419</u>	<u>2,594,608</u>	<u>3,023,978</u>	<u>(429,370)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>1,569,404</u>	<u>1,337,203</u>	<u>1,324,943</u>	<u>(12,260)</u>
<b>OTHER FINANCING USES</b>				
Transfer to Parks & Recreation Fund	(750,000)	(750,000)	-	750,000
Transfer to Replacement Reserve (5%)	(300,000)	(380,000)	-	380,000
Transfer to Reserve Fund Contra	-	380,000	-	(380,000)
Transfer to Special Sewer Reserve Fund	(58,620)	(58,620)	-	58,620
Transfer to Special Sewer Reserve Fund Contra	-	58,620	-	(58,620)
Transfer to Rate Stabilization Reserve	(300,000)	(300,000)	-	300,000
Transfer to Rate Stabilization Reserve Contra	-	300,000	-	(300,000)
Transfer to Capital Projects Fund	(248,000)	(248,000)	(248,000)	-
Total other financing uses	<u>(1,656,620)</u>	<u>(998,000)</u>	<u>(248,000)</u>	<u>750,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(87,216)	339,203	1,076,943	737,740
<b>FUNDS AVAILABLE - BEGINNING OF YEAR</b>	<u>773,561</u>	<u>880,788</u>	<u>880,788</u>	<u>-</u>
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ 686,345</u>	<u>\$ 1,219,991</u>	<u>\$ 1,957,731</u>	<u>\$ 737,740</u>

Funds available at December 31, 2019 is computed as follows:

Current assets	\$ 2,322,343
Current liabilities	(364,612)
	<u>\$ 1,957,731</u>

**MERIDIAN SERVICE METROPOLITAN DISTRICT  
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF  
REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION  
SEWER FUND**

**Year Ended December 31, 2019**

Revenues (budgetary basis)	\$ 4,348,921	
Revenues per Statement of Revenues, Expenses and Change in Fund Net Position		4,348,921
Expenditures (budgetary basis)	3,023,978	
Other financing uses - budgetary basis	248,000	
Depreciation	516,081	
Capital outlay - water system improvements	(123,881)	
Expenses per Statement of Revenues, Expenses and Change in Fund Net Position		3,664,178
Change in net assets per Statement of Revenues, Expenses and Change in Fund Net Position		\$ 684,743