

**MEADOWS METROPOLITAN DISTRICT NO. 4
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

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YEAR ENDED DECEMBER 31, 2020**

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Independent Auditor's Report

Board of Directors
Meadows Metropolitan District No. 4
Douglas County, Colorado

Report for the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Meadows Metropolitan District No. 4 (District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Meadows Metropolitan District No. 4, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information 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.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
July 18, 2021

BASIC FINANCIAL STATEMENTS

MEADOWS METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 738,323
Receivable - Homeowners Association	13,953
Receivable - County Treasurer	1,514
Receivable - Town of Castle Rock	115,423
Receivable - Conservation Trust Fund	11,167
Due from Other Districts	69,654
Property Taxes Receivable	196,203
Prepaid Insurance	10,115
Total Assets	1,156,352
LIABILITIES	
Accounts Payable	22,239
Due to Other Districts	557,708
Total Liabilities	579,947
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Taxes Revenue	196,203
Total Deferred Inflows of Resources	196,203
NET POSITION	
Restricted for:	
Emergency Reserve	20,000
Capital Projects - CTF	289
Capital Projects	54,966
Operations	304,947
Total Net Position	\$ 380,202

See accompanying Notes to Basic Financial Statements.

**MEADOWS METROPOLITAN DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities
Primary Government:					
Government Activities:					
General Government and Intergovernmental	\$ 11,186,599	\$ -	\$ 9,358,485	\$ 1,611,421	\$ (216,693)
Total Governmental Activities	<u>\$ 11,186,599</u>	<u>\$ -</u>	<u>\$ 9,358,485</u>	<u>\$ 1,611,421</u>	(216,693)
GENERAL REVENUES					
Property Taxes					195,703
Specific Ownership Taxes					16,881
Interest Income					<u>3,052</u>
Total General Revenues					<u>215,636</u>
CHANGE IN NET POSITION					(1,057)
Net Position - Beginning of Year					<u>381,259</u>
NET POSITION - END OF YEAR					<u>\$ 380,202</u>

See accompanying Notes to Basic Financial Statements.

**MEADOWS METROPOLITAN DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments - Restricted	\$ -	\$ 305,001	\$ 433,322	\$ 738,323
Receivable - Homeowners Association	-	13,953	-	13,953
Receivable - County Treasurer	1,514	-	-	1,514
Receivable - Town of Castle Rock	-	115,423	-	115,423
Receivable - Conservation Trust Fund	-	-	11,167	11,167
Due from Other Districts	-	69,654	-	69,654
Due from Other Funds	-	1,514	-	1,514
Prepaid Insurance	-	10,115	-	10,115
Property Taxes Receivable	196,203	-	-	196,203
	<u>\$ 197,717</u>	<u>\$ 515,660</u>	<u>\$ 444,489</u>	<u>\$ 1,157,866</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 22,239	\$ -	\$ 22,239
Due to Other Districts	-	168,474	389,234	557,708
Due to Other Funds	1,514	-	-	1,514
Total Liabilities	<u>1,514</u>	<u>190,713</u>	<u>389,234</u>	<u>581,461</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes Revenue	196,203	-	-	196,203
Total Deferred Inflows of Resources	<u>196,203</u>	<u>-</u>	<u>-</u>	<u>196,203</u>
FUND BALANCES				
Nonspendable:				
Prepaid Insurance	-	10,115	-	10,115
Restricted for:				
Emergency Reserve	-	20,000	-	20,000
Capital Projects - CTF	-	-	289	289
Capital Projects	-	-	54,966	54,966
Operations	-	294,832	-	294,832
Total Fund Balances	<u>-</u>	<u>324,947</u>	<u>55,255</u>	<u>380,202</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 197,717</u>	<u>\$ 515,660</u>	<u>\$ 444,489</u>	<u>\$ 1,157,866</u>

Amounts reported for governmental activities in the statement of net position are the same as above.

MEADOWS METROPOLITAN DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 195,703	\$ -	\$ -	\$ 195,703
Specific Ownership Taxes	16,881	-	-	16,881
Intergovernmental Revenue - Other Districts	-	9,329,439	-	9,329,439
System Development Fees	-	1,541,790	-	1,541,790
Street Oversizing Fees	-	69,600	-	69,600
Cost Reimbursements - Homeowners Association	-	29,046	-	29,046
Interest Income	149	2,747	156	3,052
Conservation Trust Entitlement	-	-	31	31
Total Revenues	<u>212,733</u>	<u>10,972,622</u>	<u>187</u>	<u>11,185,542</u>
EXPENDITURES				
Accounting	-	89,940	-	89,940
Audit	-	29,493	-	29,493
Collection Expense - Town	-	3,855	-	3,855
Dues	-	1,991	-	1,991
Insurance	-	21,089	-	21,089
Landscape Maintenance	-	353,175	-	353,175
Landscape Maintenance - MCA	-	68,333	-	68,333
Legal	-	26,538	-	26,538
Miscellaneous	-	3,943	-	3,943
Paying Agent/Trustee Fees	-	15,000	750	15,750
Payments to Other Districts for Debt Service	-	10,499,445	-	10,499,445
Repairs and Maintenance	-	5,785	-	5,785
Treasurer's Fees	2,939	-	-	2,939
Utilities - Electricity	-	4,201	-	4,201
Utilities - Water	-	60,122	-	60,122
Total Expenditures	<u>2,939</u>	<u>11,182,910</u>	<u>750</u>	<u>11,186,599</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	209,794	(210,288)	(563)	(1,057)
OTHER FINANCING SOURCES (USES)				
Transfers from (to) Other Funds	(209,794)	209,996	(202)	-
Total Other Financing Sources (Uses)	<u>(209,794)</u>	<u>209,996</u>	<u>(202)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(292)	(765)	(1,057)
Fund Balances - Beginning of Year	<u>-</u>	<u>325,239</u>	<u>56,020</u>	<u>381,259</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 324,947</u>	<u>\$ 55,255</u>	<u>\$ 380,202</u>

Amounts reported for governmental activities in the statement of activities are the same as above.

See accompanying Notes to Basic Financial Statements.

**MEADOWS METROPOLITAN DISTRICT NO. 4
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 195,703	\$ 195,703	\$ -
Specific Ownership Taxes	17,613	16,881	(732)
Interest Income	145	149	4
Other Income	2,539	-	(2,539)
Total Revenues	<u>216,000</u>	<u>212,733</u>	<u>(3,267)</u>
EXPENDITURES			
Treasurer's Fees	2,936	2,939	(3)
Contingency	2,539	-	2,539
Total Expenditures	<u>5,475</u>	<u>2,939</u>	<u>2,536</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	210,525	209,794	(731)
OTHER FINANCING SOURCES (USES)			
Transfer to Special Revenue Fund	(210,525)	(209,794)	731
Total Other Financing Sources (Uses)	<u>(210,525)</u>	<u>(209,794)</u>	<u>731</u>
NET CHANGE IN FUND BALANCES	-	-	-
Fund Balances - Beginning of Year	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**MEADOWS METROPOLITAN DISTRICT NO. 4
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue - Other Districts	\$ 9,369,369	\$ 9,329,439	\$ (39,930)
System Development Fees	1,993,573	1,541,790	(451,783)
Street Oversizing Fees	80,100	69,600	(10,500)
Cost Reimbursements - Homeowners Association	22,890	29,046	6,156
Interest Income	10,000	2,747	(7,253)
Total Revenues	<u>11,475,932</u>	<u>10,972,622</u>	<u>(503,310)</u>
EXPENDITURES			
Accounting	115,000	89,940	25,060
Audit	37,500	29,493	8,007
Banking Fees	70	-	70
Collection Expense - Town	4,866	3,855	1,011
Contingency	92,830	-	92,830
Dues	2,100	1,991	109
Insurance	19,500	21,089	(1,589)
Landscape Maintenance	265,000	353,175	(88,175)
Landscape Maintenance - MCA	62,000	68,333	(6,333)
Legal	30,000	26,538	3,462
Miscellaneous	3,500	3,943	(443)
Paying Agent Fees	15,000	15,000	-
Payments to Other Districts for Debt Service	10,991,791	10,499,445	492,346
Repairs and Maintenance	1,000	5,785	(4,785)
Utilities - Electricity	10,000	4,201	5,799
Utilities - Water	30,000	60,122	(30,122)
Total Expenditures	<u>11,680,157</u>	<u>11,182,910</u>	<u>497,247</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(204,225)	(210,288)	(6,063)
OTHER FINANCING SOURCES (USES)			
Transfer from (to) Other Funds	211,225	209,996	(1,229)
Total Other Financing Sources (Uses)	<u>211,225</u>	<u>209,996</u>	<u>(1,229)</u>
NET CHANGE IN FUND BALANCES	7,000	(292)	(7,292)
Fund Balances - Beginning of Year	<u>344,000</u>	<u>325,239</u>	<u>(18,761)</u>
FUND BALANCES - END OF YEAR	<u>\$ 351,000</u>	<u>\$ 324,947</u>	<u>\$ (26,053)</u>

See accompanying Notes to Basic Financial Statements.

**MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

Organization

Meadows Metropolitan District No. 4 (the District), a quasi-municipal corporation, was organized on July 11, 1985, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado, and is entirely within the Town of Castle Rock (the Town). The District was established primarily to finance the construction of water, sewer and drainage systems, street improvements, safety control, park and recreational systems, and transportation facilities. At the time of completion of all the facilities and repayment of the bonds issued by District Nos. 1, 2, and 7, the Town may require that the Districts initiate dissolution procedures.

The District is one of seven similar contiguous metropolitan districts formed as a part of the Meadows Project (the Project).

The District is the Master District, which is responsible for the construction of the entire Project improvements and the allocation to each of the related Districts of its proportional share of the costs incurred. The District has entered into a Regional Facilities Cost Sharing Agreement (see Note 6), whereby the District annually sets assessments to the other Districts and collects all operating revenues except for property taxes and certain restricted revenues of the related Districts.

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

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

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

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.

**MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of 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.

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. Property taxes are recognized as revenues in the year for which they are levied. Redemption of bonds is recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, intergovernmental revenues, and facilities development fees. 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 Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with the other Districts as required under the Regional Facilities Cost Sharing Agreement.

**MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction and maintenance of recreational facilities.

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 and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

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

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 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow of Resources

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

Equity

Net Position

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

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component.

Restricted – this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors, or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.

Unrestricted – the component of net position that does not meet the definitions above.

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.

**MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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.

Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet does not include reconciliation between the fund balance - total governmental funds and the net position - governmental activities as reported in the government-wide statement of net position, nor between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The District had no current year transactions requiring such reconciliations.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments - Restricted	\$ 738,323
Total Cash and Investments	\$ 738,323

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

Deposits with Financial Institutions	\$ 33,187
Investments	705,136
Total	\$ 738,323

MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, the District's cash deposits had a bank balance and a carrying balance of \$33,187.

Investments

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

The District generally limits its concentration of investments to those 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

**MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 378,355
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	271,814
Morgan Stanley Institutional Liquidity Fund - Treasury Securities Portfolio	Weighted-Average Under 90 Days	54,967
Total		<u>\$ 705,136</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

COLOTRUST

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

MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Morgan Stanley Treasury Securities Fund

The Intergovernmental Agreement with the Town, as it relates to the Project's obligation to provide financial support for the East Plum Creek Trail, requires the Town to place in escrow a specific dollar value of the system development fees it collects on behalf of the District (see Note 7). As of December 31, 2020, the escrow agent had invested \$56,541 in the name of the District. The East Plum Creek Trail funds deposited in the United Missouri Bank account are invested in the Morgan Stanley Institutional Liquidity Funds' Treasury Securities Portfolio. This portfolio is a money market fund that is managed by Morgan Stanley Investment Management and each share is equal in value in \$1.00. The fund is AAAM rated and invests exclusively in U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less.

The fund records its investments based in amortized costs. The District records its investment in the fund using the net asset value method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

Under the terms of the Regional Facilities Cost Sharing Agreement (see Note 6), the District is liable for a portion of the total general obligation debt incurred by the other related Districts constituting the Project. At December 31, 2020, the total outstanding debt (for District Nos. 1, 2, and 7) was \$70,000,000 plus accrued and compounding interest of \$304,012,771. The ultimate amount payable by the District is not determinable because the amounts to be paid in future years for both principal and interest are determined annually based on revenues and relative changes in assessed valuations among the seven Districts.

General Obligation Bonds, Series 1989A, 1989B, and 1989C

The General Obligation Bonds, Series 1989A, 1989B, and 1989C, are characterized as general obligation bonds with a "capped mill levy". Effective June 1, 2002, District Nos. 1 through 7 (inclusive) entered into the First Amendment to the Amended and Restated Indenture of Trust which states that the remaining payments to the bond holders on the Series 1989 General Obligation Bonds will be made on a quarterly basis, instead of semi-annually. Therefore, interest of 7.999% is payable quarterly on March, June 1, September 1 and December 1 of each year. Any interest that is due and not paid at the end of each quarter is charged interest at a rate of 7.999% per annum. Unpaid current interest becomes accrued interest on December 1 of each year. Accrued interest compounds annually on December 1 of each year. The Project's (District Nos. 1 through 7, inclusive) required payment on the bonds is limited to the proceeds generated from the limited mill levy of 35 mills and certain other revenues less priority expenses (see Note 6).

**MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds, Series 1989A, 1989B, and 1989C (Continued)

The bonds mature as of June 1, 2029. Interest will not accrue after the 40-year term. However, the Project will continue to set the limited mill levy until the bonds and accrued interest are paid in full. The Project is not entitled to prepay the bonds during the 40-year term. However, the Project may maintain a sinking fund for future principal payments, provided that all accrued and current interest has been paid. Priority of principal repayment can be assigned among and between the bondholders. Revenues received by the Project will be disbursed for the following (in order of priority):

1. Priority expenses (see Note 6)
2. Current interest
3. Accrued interest from and after March 5, 1993
4. Accrued interest from September 1, 1989, through March 4, 1993, amounting to \$15,659,228
5. Principal
6. Capital improvements

During 2020, the District computed net revenues available for District Nos. 1, 2, and 7's debt service to be \$10,499,445 under the terms of the Regional Facilities Cost Sharing Agreement (see Note 6).

Interest on the bonds accrues and is determinable in each year, but a failure to pay accrued interest because of lack of revenue does not constitute a default. Thus, the actual amounts of payments to be made in future years will depend on revenues and cannot be predicted with certainty.

The District relies on the development of the entire Project to provide revenues and cash flows sufficient to pay the debt service obligations of District Nos. 1, 2, and 7 in future years. System development fees and property taxes will depend on future development and cannot be predicted with certainty.

Debt Authorization

As of December 31, 2020, the District has no authorized but unissued debt.

MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 NET POSITION

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

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2020, as follows:

Restricted Net Position:	
Emergencies (see Note 10)	\$ 20,000
Capital Project - CTF	289
Capital Projects (see Note 7)	54,966
Operations (see Note 6)	304,947
Total Restricted Net Position	<u><u>\$ 380,202</u></u>

NOTE 6 REGIONAL FACILITIES COST SHARING AGREEMENT

In September 1988, the District and the other six related Districts entered into a Regional Facilities Cost Sharing Agreement. In 1993, the restated Fifth Amendment to this agreement was executed, and in 1994, the sixth amendment to this agreement became operational. The intent of these agreements is to have an equal mill levy throughout the Project and to participate fairly and equitably in the joint funding of operations and maintenance of the Project, the associated debt service costs of the Project, and the financing of Project facilities as defined in the intergovernmental agreement with the Town (see Note 7).

District No. 4 has been specified to coordinate and manage the operations and debt service payments of the Districts. District No. 4 receives the system development fees and other revenues of the Project (District Nos. 1 through 7) and collects property taxes and interest on behalf of District Nos. 2 through 7. District No. 1 collects its own property taxes, interest and Conservation Trust Fund entitlements.

Priority expenses of the Project include the following: costs of revenue collection, operations, and maintenance expenses in an amount not to exceed \$200,000 per year, water service fees, and the cost of the landscape maintenance contract. Of the \$200,000 for operations and maintenance, \$50,000 (\$109,000 in 2020 as adjusted for inflation) is designated to be spent by District No. 1 for District No. 1's administration. The remainder (\$311,500 in 2020 as adjusted for inflation) is to be spent by the District as Master District for the Project.

Normal debt service related costs such as paying agent fees and trustee fees and bond issuance costs have not been included in priority expenses. Written notice to this effect was provided to the bondholders.

Priority expenses are allocated to the Districts as administration charges based upon each individual District's percentage of assessed valuation to the total assessed valuation of the Project.

MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 REGIONAL FACILITIES COST SHARING AGREEMENT (CONTINUED)

The Project revenues collected by the District, to the extent not required to fund priority expenses and capital improvements of the Project approved by the bondholders, are to be allocated to District Nos. 1, 2, and 7's debt service requirements, based upon the percentage of the bonds issued and outstanding of District Nos. 1, 2, and 7.

Property taxes and other revenues of the other Districts in the Project, which are in excess of the individual District's allocated share of priority expenses, are to be allocated to District Nos. 1, 2, and 7's debt service requirements in the same manner as described above.

NOTE 7 INTERGOVERNMENTAL AGREEMENT – TOWN OF CASTLE ROCK

The District, together with the related contiguous Districts, entered into an Intergovernmental Agreement with the Town, dated December 1, 1991, and as amended on October 1, 1993, and December 12, 1996. The Agreement defines the responsibilities of the Town and the District with regard to the development of infrastructure, provision of services, maintenance responsibilities, and collection of system development fees. Additionally, the Town has oversight responsibilities and powers as to the District's future debt transactions and the District's ability to impose and collect future fees.

The District has transferred title to its facilities, water rights, and wastewater system capacity to the Town. The Districts do not have any commitment to develop additional facilities to serve the Project other than those described below.

The Town currently maintains and operates the District facilities, except for maintaining certain landscaping. The Town charges users directly for water, sewer and irrigation water. The Town retains a 0.25% administrative fee to cover its cost of collection on all system development fees it collects on behalf of the Districts.

The District's landscape responsibilities relate to the maintenance of public street right-of-way, which is the landscaping between the right-of-way and the street curbing, as well as within street medians.

The Agreement further provides that when the water or wastewater capacities are fully utilized, the Districts and Town may agree that the Town will finance the development of additional water or wastewater capacity, and consequently, the Town will be entitled to recover its costs, including interest, from system development fees currently being collected by the Town. In 2007, the wastewater capacity maximum was reached, and the Town started to keep a portion of the wastewater system development fee.

**MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 INTERGOVERNMENTAL AGREEMENT – TOWN OF CASTLE ROCK (CONTINUED)

On June 16, 2015, the Agreement was amended (Third Amendment to Master Intergovernmental Agreement). Among other items, the third amendment to the Agreement provides that, after July 1, 2015, a portion of the system development fee that is being retained by the Town (capital reserve fee) will be imposed as a District Fee and collected by the Town and remitted to the Districts. The capital reserve fee may be increased by the Districts at the rate of not more than 5% per annum, compounded on each January 1 through the term of the Agreement. Additionally, the third amendment to the Agreement amended the allocation of the system development fee as follows: (i) the Town will retain the treatment component of the water system development fee when the demand for municipal water within the Project exceeds 7,548 SFEs, and (ii) beginning on July 1, 2015, the Town will retain 90% of the wastewater system development fee; provided that if the treatment component is less than 90%, the Town's retained portion shall reduce to reflect such actual treatment component percentage; however, if the treatment component is higher than 90%, the Town shall never retain more than 90% of the wastewater system development fee. As of December 31, 2020, the Project had a total count of 7,340 SFEs used.

The Project had an obligation to provide financial support in the amount of \$500,000 for the East Plum Creek Trail. The Town had directly deposited, into an escrow held by a trustee for the District, system development fees totaling \$500,000 in satisfaction of the East Plum Creek Trail obligation. Interest income generated from the escrow is allocated to District Nos. 1, 2, and 7 to be used for debt service. In 2009, the Project (through the Master District) remitted \$435,284 to the Town in connection with the East Plum Creek Trail and \$1,000 to the trustee for fees related to managing the account. As of December 31, 2020, the remaining balance in the East Plum Creek Trail escrow account was \$54,966.

NOTE 8 RELATED PARTIES

The Developer of the property is Castle Rock Development Company (Developer). All members of the Board of Directors are officers or employees associated directly or indirectly with these companies and may have conflicts of interest in dealing with the Districts.

MEADOWS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 RISK MANAGEMENT

District Nos. 1 through 7 are exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; or acts of God.

The Districts are members 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 Districts pay annual premiums to the Pool for liability 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.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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.

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.

SUPPLEMENTARY INFORMATION

**MEADOWS METROPOLITAN DISTRICT NO. 4
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ 700	\$ 156	\$ (544)
Conservation Trust Entitlement	30	31	1
Total Revenues	<u>730</u>	<u>187</u>	<u>(543)</u>
EXPENDITURES			
Trustee Fees	750	750	-
Construction - Parks and Recreation	55,323	-	55,323
Total Expenditures	<u>56,073</u>	<u>750</u>	<u>55,323</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(55,343)	(563)	54,780
OTHER FINANCING SOURCES (USES)			
Transfer to Special Revenue Fund	(700)	(202)	498
Total Other Financing Sources (Uses)	<u>(700)</u>	<u>(202)</u>	<u>498</u>
NET CHANGE IN FUND BALANCES	(56,043)	(765)	55,278
Fund Balance - Beginning of Year	<u>56,043</u>	<u>56,020</u>	<u>(23)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 55,255</u>	<u>\$ 55,255</u>

OTHER INFORMATION

**MEADOWS METROPOLITAN DISTRICT NO. 4
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2016	\$ 2,200,070	0.000	35.000	\$ 77,003	\$ 77,003	100.00 %
2017	3,568,610	0.000	35.000	124,901	124,902	100.00
2018	4,802,430	0.000	35.000	168,085	168,085	100.00
2019	5,277,140	0.000	35.000	184,700	184,700	100.00
2020	5,591,250	0.000	35.000	195,703	195,703	100.00
Estimated for the Year Ending December 31, 2021	\$ 5,605,800	0.000	35.000	\$ 196,203		

NOTE:

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