

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**Weld County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2020**

## TABLE OF CONTENTS

	PAGE
<b>INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION</b> .....	I
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position .....	1
Statement of Activities.....	2
<b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds.....	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual .....	6
Notes to Financial Statements.....	7
<b>SUPPLEMENTAL INFORMATION</b>	
Debt Service Fund - Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual.....	17
Capital Projects Fund – Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual .....	18
Schedule of Debt Service Requirements to Maturity .....	19
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected.....	21



1221 W. Mineral Avenue, Suite 202  
Littleton, CO 80120

 303-734-4800

 303-795-3356

 [www.HaynieCPAs.com](http://www.HaynieCPAs.com)

## Independent Auditor's Report

Members of the Board of Directors  
Eagle Meadow Metropolitan District

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Eagle Meadow Metropolitan 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of Eagle Meadow Metropolitan District, as of December 31, 2020 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Eagle Meadow Metropolitan District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

### **Other Matters**

#### *Required Supplementary Information*

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 opinion on the basic financial statements is not affected by this

missing information.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Eagle Meadow Metropolitan District's financial statements as a whole. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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

Sincerely,

*Haynie & Company*

Littleton, Colorado

September 9, 2021

## **BASIC FINANCIAL STATEMENTS**

**EAGLE MEADOW METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalent	\$ 21,874
Escrow - restricted	227,367
Surplus fund	35,368
Bond fund	1,974
Reserve fund	30,113
Prepaid expenses	2,092
Property taxes receivable	138,030
County treasurer receivable	468
Total assets	\$ 457,286
<b>LIABILITIES</b>	
Accounts payable	\$ 5,187
Accrued interest - bonds payable	181,604
Accrued interest - developer advances	82,130
Developer advances	1,892,272
Noncurrent liabilities:	
Due in one year	49,000
Due in more than one year	2,196,427
Total liabilities	4,406,620
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	138,030
Total liabilities and deferred inflows of resources	4,544,650
<b>NET POSITION</b>	
Restricted for:	
Emergency reserves	955
Debt service	96,298
Capital projects	225,000
Unrestricted (deficit)	(4,409,617)
Total net position (deficit)	\$ (4,087,364)

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

**EAGLE MEADOW METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 34,947	\$ -	\$ -	\$ -	\$ (34,947)
Interest and related costs on long-term debt	4,010,835	-	-	-	(4,010,835)
	<u>\$ 4,045,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,045,782)</u>
General revenues:					
Property taxes					128,457
Specific ownership taxes					6,097
System development fees					10,350
Investment earnings					8,810
Other financing sources:					
Developer advance					<u>1,847,807</u>
Total general revenues and other financing sources					<u>2,001,521</u>
Change in net position					(2,044,261)
Net position (deficit) - Beginning					(2,043,103)
Net position (deficit) - Ending					<u>\$ (4,087,364)</u>

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

**EAGLE MEADOW METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2020**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalent	\$ -	\$ 21,874	\$ -	\$ 21,874
Escrow	566	1,801	225,000	227,367
Surplus fund	516	34,852	-	35,368
Bond fund	-	1,974	-	1,974
Reserve fund	-	30,113	-	30,113
Prepaid expense	2,092	-	-	2,092
Property taxes receivable	-	138,030	-	138,030
County treasurer receivable	-	468	-	468
Due from general fund	-	5,216	-	5,216
<b>TOTAL ASSETS</b>	<b>\$ 3,174</b>	<b>\$ 234,328</b>	<b>\$ 225,000</b>	<b>\$ 462,502</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 5,187	\$ -	\$ -	\$ 5,187
Due to debt service fund	5,216	-	-	5,216
Total liabilities	10,403	-	-	10,403
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property tax revenue	-	138,030	-	138,030
Total liabilities & deferred inflows	10,403	138,030	-	148,433
<b>FUND BALANCES</b>				
Nonspendable	2,092	-	-	2,092
Restricted for:				
Emergency reserves (TABOR)	955	-	-	955
Debt service	-	96,298	-	96,298
Capital projects	-	-	225,000	225,000
Unassigned	(10,276)	-	-	(10,276)
Total fund balances	(7,229)	96,298	225,000	314,069
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 3,174</b>	<b>\$ 234,328</b>	<b>\$ 225,000</b>	

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

Accrued interest	(263,734)
Bonds payable	(2,245,427)
Developer advances	(1,892,272)
Net position (deficit) of governmental activities	<b>\$ (4,087,364)</b>

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

**EAGLE MEADOW METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ 128,457	\$ -	\$ 128,457
Specific ownership taxes	-	6,097	-	6,097
System development fees	10,350	-	-	10,350
Net investment income	8,650	160	-	8,810
Total revenues	<u>19,000</u>	<u>134,714</u>	<u>-</u>	<u>153,714</u>
<b>EXPENDITURES</b>				
Current				
Accounting	15,213	-	-	15,213
Election	742	-	-	742
Legal services	14,957	-	-	14,957
Office, dues, newsletters & other	873	-	-	873
County treasurer's fees	-	1,927	-	1,927
Trustee and paying agent fees	-	1,200	-	1,200
Bond principal - Series A	-	47,000	-	47,000
Bond interest - Series A	-	32,496	-	32,496
Bond interest - Series B	-	45,500	-	45,500
Capital expenditure	-	-	1,822,807	1,822,807
Miscellaneous	35	-	-	35
Total expenditures	<u>31,820</u>	<u>128,123</u>	<u>1,822,807</u>	<u>1,982,750</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,820)</u>	<u>6,591</u>	<u>(1,822,807)</u>	<u>(1,829,036)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer advances	<u>25,000</u>	<u>-</u>	<u>1,822,807</u>	<u>1,847,807</u>
Total other financing sources (uses)	<u>25,000</u>	<u>-</u>	<u>1,822,807</u>	<u>1,847,807</u>
<b>NET CHANGE IN FUND BALANCES</b>	12,180	6,591	-	18,771
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>(19,409)</u>	<u>89,707</u>	<u>225,000</u>	<u>295,298</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ (7,229)</u></u>	<u><u>\$ 96,298</u></u>	<u><u>\$ 225,000</u></u>	<u><u>\$ 314,069</u></u>

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

**EAGLE MEADOW METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020**

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

Net changes in fund balances - Total governmental funds	\$	18,771
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Bond principal payments		47,000
Accrued interest on bonds payable - change in liability		(181,604)
Developer advances		(1,847,807)
Accrued interest on developer advances - change in liability		(80,621)
Change in net position of governmental activities	\$	<u><u>(2,044,261)</u></u>

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

**EAGLE MEADOW METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
Year Ended December 31, 2020**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Specific ownership taxes	\$ -	\$ 10,350	\$ 10,350
System development fees	9,200	-	(9,200)
Net investment income	1,000	8,650	7,650
Total revenues	<u>10,200</u>	<u>19,000</u>	<u>8,800</u>
<b>EXPENDITURES</b>			
Current			
Accounting	15,000	15,213	(213)
Election	1,000	742	258
Insurance and bonds	2,520	-	2,520
Legal services	20,000	14,957	5,043
Office, dues, newsletters & other	1,000	873	127
Contingency	2,500	-	2,500
Miscellaneous	-	35	(35)
Total expenditures	<u>42,020</u>	<u>31,820</u>	<u>10,200</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(31,820)</u>	<u>(12,820)</u>	<u>19,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer advance	31,820	25,000	(6,820)
Total other financing sources (uses)	<u>31,820</u>	<u>25,000</u>	<u>(6,820)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	12,180	12,180
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,143</u>	<u>(19,409)</u>	<u>(21,552)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,143</u>	<u>\$ (7,229)</u>	<u>\$ (9,372)</u>

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

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Eagle Meadow Metropolitan District (District), a quasi-municipal corporation, was organized on November 20, 2001, is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under an Amended and Restated Service Plan approved by Dacono City Council on April 25, 2016. The District's service area is located in Weld County, Colorado. The District was established to provide financing and construction of public improvements.

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.

**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. For the most part, the effect of interfund activity has been removed from these statements. These financial statements include all of the activities of the District. Governmental activities are normally supported by property taxes.

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

The statement of activities demonstrates the degree to which the direct 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.

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

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

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. 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation 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. Revenues are derived primarily from property taxes, other taxes and interest income.

The Debt Service Fund accounts for the resources that are restricted, committed or assigned for principal and interest on long-term general obligation debt of the governmental funds, as well as financial resources being accumulated for future debt service.

The Capital Projects Fund is used to account for financial resources that are restricted, committed or assigned to the acquisition and construction of capital equipment and facilities.

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

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

**Budgets**

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

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

*Cash and Investments*

The District's cash and investments include cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

*Property Taxes*

Property taxes are levied by the District 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 are considered fully collectible and are recorded initially as deferred inflows of resources in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year they are available or collected.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate.

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

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

Deferred inflows of resources in the governmental fund financial statements of the District for the year ended December 31, 2020 are comprised of property taxes due from Weld County that will not be collected within 60 days of the end of the current fiscal year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

***Long-term Liabilities***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term debt is reported gross.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fund Balance – Governmental Funds**

The fund balances for the District’s governmental funds are displayed in up to five components:

*Nonspendable* – amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

- Emergency Reserves of \$955 have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).
- The restricted fund balance in the Debt Service Fund in the amount of \$96,298 is to be used exclusively for the payment of future general obligation bond principal, interest and related costs.
- The restricted fund balance in the Capital Project Fund in the amount of \$225,000 is escrowed and to be used for past capital improvement, and will be released upon the District attaining a specific assessed valuation level, as provided in the 2016 General Obligation Bond resolution (see Note 4).

*Committed* – amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District’s Board. There is no committed fund balance for the year ended December 31, 2020.

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

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

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. There is no assigned fund balance for the year ended December 31, 2020.

*Unassigned* – the residual classification for the General Fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

As of December 31, 2020, the District's General Fund was in a deficit position. The District plans to correct this through future Developer advances and the collection of system development fees.

**NOTE 3 - CASH AND INVESTMENTS**

**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 equal to 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.

**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 disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

**EAGLE MEADOW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

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

Colorado revised statutes limit investment maturities to three or five years or less (depending upon the type of investment) 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
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase and reverse repurchase agreements collateralized by certain authorized securities
- \* Certain money market funds
- Guaranteed investment contracts
- \* Local government investment

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

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value</b>
Federated Treasury Money Market Fund	Less than 1 year	<u>\$ 32,087</u>

**Fair Value Measurement and Application**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds and money market funds.

**Federated Treasury Money Market Fund**

The debt service money that was included in the trust accounts at United Missouri Bank (UMB) was invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations which are fully guaranteed as to principal and interest by the United States of America, with maturities of 12 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poors. These funds are valued using Level 1 inputs.

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**NOTE 4 - LONG-TERM OBLIGATIONS**

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

<b>Long term obligations</b>	<b>Balance at December 31, 2019</b>	<b>Additions</b>	<b>Retirement</b>	<b>Balance at December 31, 2020</b>	<b>Due Within One Year</b>
Bonds Payable:					
Series 2016A	\$ 1,016,000	\$ -	\$ (47,000)	\$ 969,000	\$ 49,000
Series 2016B	700,000	-	-	700,000	-
Series 2016C	576,427	-	-	576,427	-
	<u>2,292,427</u>	<u>-</u>	<u>(47,000)</u>	<u>2,245,427</u>	<u>49,000</u>
Developer Advances	44,465	1,847,807	-	1,892,272	-
	<u>\$ 2,336,892</u>	<u>\$ 1,847,807</u>	<u>\$ (47,000)</u>	<u>\$ 4,137,699</u>	<u>\$ 49,000</u>

<b>Accrued Interest</b>	<b>Balance at December 31, 2019</b>	<b>Additions</b>	<b>Payment</b>	<b>Balance at December 31, 2020</b>	<b>Due Within One Year</b>
Bonds Payable:					
Series 2016A	\$ -	\$ 35,080	\$ (32,496)	\$ 2,584	\$ 31,008
Series 2016B	-	47,522	(45,500)	2,021	45,500
Series 2016C	128,083	48,915	-	176,998	-
	<u>128,083</u>	<u>131,517</u>	<u>(77,996)</u>	<u>181,604</u>	<u>76,508</u>
Developer Advances	1,509	80,621	-	82,130	-
	<u>\$ 129,592</u>	<u>\$ 212,138</u>	<u>\$ (77,996)</u>	<u>\$ 263,734</u>	<u>\$ 76,508</u>

**Bonds Payable**

On April 3, 2014, the District issued \$1,752,752 in a General Obligation Note (Taxable Limited Tax General Obligation Note) for infrastructure improvements. The Note was a special, limited obligation and due on April 3, 2044, with an interest of 5.25%. In 2016 the Note was paid off upon issuance of General Obligation Bonds by the District. General Obligation Limited Tax Refunding Bonds were issued as follows: Series 2016A in the amount of \$1,150,000 with an interest rate of 3.2% and matures at June 30, 2036; Series 2016B and Series 2016C are \$700,000 subordinate and \$576,427 junior subordinate, respectively. Both subordinate and junior subordinate bonds bear the same interest rate of 6.5% and mature on December 15, 2041. The Series 2016C bonds are payable only from excess revenues, after payment of the Series 2016A and 2016B Bonds.

**EAGLE MEADOW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

The Series 2016A and 2016B bonds are payable solely from Pledged Revenue as follows:

Year	Series 2016A	Year	Series 2016B
2021	\$ 49,000	2037	\$ 125,000
2022	50,000	2038	125,000
2023	51,000	2039	150,000
2024	53,000	2040	150,000
2025	54,000	2041	150,000
2026-2030	297,000		<u>\$ 700,000</u>
2031-2035	341,000		
2036	74,000		
	<u>\$ 969,000</u>		

The District's Restated Service Plan, which was amended in 2016, restricts the maximum mill levies to be not in excess of 55.0 mills, or 65.0 mills, in the event the District provides enhanced infrastructure. The mill levy is subject to adjustments based on Colorado law in the method of calculating assessed valuation. During 2020, the District collected taxes based on a mill levy of 54.782 mills; 0.000 mills for operations and 54.782 mills for debt service. At December 15, 2020, the District levied 54.990 mills for collections in 2021; 0.000 mills for operations and 54.990 mills for debt service.

**Developer Advances**

In November 2002, the Districts entered into an Advance and Reimbursement Agreement with a developer, Pawnee South, LLC (Pawnee), under which Pawnee will make the advance of funds to the District for construction, maintenance, and operation costs associated with the provision of certain public improvements, facilities and services, and the District will reimburse Pawnee for the advances, together with interest to be the market rate at the time the advances are issued, as defined in the Restated Service Plan.

In September 2014 and in December 2016, the District entered into an Infrastructure Acquisition Agreement (Infrastructure Agreement) and Advance and Reimbursement Agreement (Funding Agreement) with a developer, Eagle Meadow Development, LLC. Under the Infrastructure Agreement, the District agrees to purchase and acquire the public improvements, subject of the Infrastructure Agreement, subject to the satisfaction of certain terms and conditions set forth therein. Under the Funding Agreement, the District agrees to reimburse Eagle Meadow Development, LLC, for its capital costs, subject to availability of the funds, together with interest to be the market rate at the time the advances are issued, as defined in the Restated Service Plan.

In 2020, the District agreed to purchase and acquire from Eagle Meadow, LLC, of the Public Improvements for \$1,822,807, which consist of streets, water, sanitary sewer, storm sewer, traffic and safety controls and part and recreation public improvements, following the Funding and Infrastructure Agreements. By the year ended December 31, 2020, there is a balance of \$1,892,272 advances due to the developers, along with accrued interest of \$82,130.

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**NOTE 5 - NET POSITION**

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

Restricted assets include 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 of \$322,253 as of December 31, 2020 as follows:

Emergencies	\$ 955
Debt service	96,298
Capital projects	<u>225,000</u>
Total restricted net position	<u>\$ 322,253</u>

The District's unrestricted net position (deficit) as of December 31, 2020 totaled \$(4,409,617). This deficit amount was a result of the District being responsible for the repayment of notes issued for public improvements that have been conveyed to other governmental entities.

**NOTE 6 - RELATED PARTIES**

Some of the members of the Board of Directors are or have been either employees or have financial interests that are related to a prior developer of the District, Pawnee South, LLC. These members may have potential conflicts of interests regarding matters which come before the Board. Two of the Board members are members of Pawnee South, LLC, which held the District's General Obligation Note and the Series 2016C Bonds.

Some of the members of the Board of Directors are or have been either employees or have financial interests that are related to a current developer of the District, Eagle Meadow, LLC. These members may have potential conflicts of interests regarding matters which come before the Board. In 2020, the District agreed to purchase and acquire from Eagle Meadow, LLC, of a Public Improvements for \$1,822,807 (Note 4).

**NOTE 7 - 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) as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's 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.

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**NOTE 7 - RISK MANAGEMENT (CONTINUED)**

The District pays annual premiums to the Pool for liability, property, public official's 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.

**NOTE 8 - 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.

On November 4, 2003, the District's voters approved the retention of all property taxes and all other District revenue in 2003 and annually thereafter without limitation of under TABOR or other laws.

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

**SUPPLEMENTAL INFORMATION**

**EAGLE MEADOW METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
Year Ended December 31, 2020**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Property taxes	\$ 128,457	\$ 128,457	\$ -
System development fees	-	6,097	6,097
Specific ownership taxes	7,707	-	(7,707)
Interest income	1,000	160	(840)
Total revenues	<u>137,164</u>	<u>134,714</u>	<u>(2,450)</u>
<b>EXPENDITURES</b>			
County treasurer's fees	1,927	1,927	-
Debt service			
Bond principal - Series A	47,000	47,000	-
Bond interest - Series A	31,598	32,496	(898)
Bond interest - Series B	45,500	45,500	-
Paying agent fees	600	1,200	(600)
Contingency	5,000	-	5,000
Total expenditures	<u>131,625</u>	<u>128,123</u>	<u>3,502</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,539</u>	<u>6,591</u>	<u>1,052</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from capital fund	225,000	-	(225,000)
Total other financing sources (uses)	<u>225,000</u>	<u>-</u>	<u>(225,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	230,539	6,591	(223,948)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>89,612</u>	<u>89,707</u>	<u>95</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 320,151</u>	<u>\$ 96,298</u>	<u>\$ (223,853)</u>

**EAGLE MEADOW METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Bonds proceeds	\$ -	\$ -	\$ -
Developer advances	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Capital outlay	-	1,822,807	-
Total expenditures	<u>-</u>	<u>1,822,807</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	<u>-</u>	<u>(1,822,807)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer advances	-	1,822,807	1,822,807
Transfer to debt service fund	(225,000)	-	225,000
Total other financing sources (uses)	<u>(225,000)</u>	<u>1,822,807</u>	<u>2,047,807</u>
<b>NET CHANGE IN FUND BALANCE</b>	(225,000)	-	2,047,807
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>225,000</u>	<u>225,000</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 225,000</u></u>	<u><u>\$ 225,000</u></u>

**EAGLE MEADOW METROPOLITAN DISTRICT  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
 December 31, 2020**

**\$1,150,000**

General Obligation Limited Tax Refunding Bond  
**Series 2016A**

Dated October 25, 2016

Principal Due June 30, 2036

Interest Rate 3.2% Payable

Year ended December 31,	Principal	Interest	Total
2021	\$ 49,000	\$ 31,008	\$ 80,008
2022	50,000	29,440	79,440
2023	51,000	27,840	78,840
2024	53,000	26,208	79,208
2025	54,000	24,512	78,512
2026	56,000	22,784	78,784
2027	58,000	20,992	78,992
2028	59,000	19,136	78,136
2029	61,000	17,248	78,248
2030	63,000	15,296	78,296
2031	65,000	13,280	78,280
2032	66,000	11,200	77,200
2033	68,000	9,088	77,088
2034	70,000	6,912	76,912
2035	72,000	4,672	76,672
2036	74,000	2,368	76,368
<b>TOTAL</b>	<b>\$ 969,000</b>	<b>\$ 281,984</b>	<b>\$ 1,250,984</b>

**EAGLE MEADOW METROPOLITAN DISTRICT**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2020**

**\$700,000**

Subordinate General Obligation Limited Tax Refunding Bond  
**Series 2016B**

Dated October 25, 2016

Principal Due December 15, 2041

Interest Rate 6.5% Payable

Year ended December 31,	Principal	Interest	Total
2021	\$ -	\$ 45,500	\$ 45,500
2022	-	45,500	45,500
2023	-	45,500	45,500
2024	-	45,500	45,500
2025	-	45,500	45,500
2026	-	45,500	45,500
2027	-	45,500	45,500
2028	-	45,500	45,500
2029	-	45,500	45,500
2030	-	45,500	45,500
2031	-	45,500	45,500
2032	-	45,500	45,500
2033	-	45,500	45,500
2034	-	45,500	45,500
2035	-	45,500	45,500
2036	-	45,500	45,500
2037	125,000	45,500	170,500
2038	125,000	37,375	162,375
2039	150,000	29,250	179,250
2040	150,000	19,500	169,500
2041	150,000	9,750	159,750
<b>TOTAL</b>	<b>\$ 700,000</b>	<b>\$ 869,375</b>	<b>\$ 1,569,375</b>

**\$576,427**

Junior Subordinate General Obligation Limited Tax Refunding Bond  
**Series 2016C**

Dated October 25, 2016

Principal Due December 15, 2041

Interest Rate 6.5% Payable

No annual scheduled maturities; payments from excess revenues only.

**EAGLE MEADOW METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED  
December 31, 2020**

<b>Year Ended December 31,</b>	<b>Prior Year Assessed Valuation for Current Year Tax Levy</b>	<b>Mills Levied</b>		<b>Total Property Taxes</b>		<b>Percent Collected to Levied</b>
		<b>Operations</b>	<b>Debt Service</b>	<b>Levied</b>	<b>Collected</b>	
2016	\$ 1,803,700	45.000	0.000	\$ 81,167	\$ 81,167	100.00%
2017	\$ 1,745,160	0.000	50.000	\$ 87,258	\$ 87,258	100.00%
2018	\$ 1,970,930	0.000	50.000	\$ 98,547	\$ 98,547	100.00%
2019	\$ 2,019,670	0.000	50.000	\$ 100,984	\$ 100,984	100.00%
2020	\$ 2,344,870	0.000	54.782	\$ 128,457	\$ 128,457	100.00%
Estimated for the year ending December 31, 2021	\$ 2,510,100	0.000	54.990	\$ 138,030		