

**THOMPSON CROSSING
METROPOLITAN DISTRICT NO. 4
Larimer 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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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Thompson Crossing Metropolitan District No. 4
Larimer County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Thompson Crossing Metropolitan District No. 4 as of and for the year 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.

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112
303-905-0809 • info@dazziocpa.com

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

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 the Thompson Crossing Metropolitan District No. 4, 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.

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 opinions on the financial statements that collectively comprise the Thompson Crossing Metropolitan District No. 4's basic financial statements. The Supplementary Information and the Other Information, as listed on the table of contents, is presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information 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 them.

Dassio & Associates, P.C.

April 15, 2021

BASIC FINANCIAL STATEMENTS

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 62,018
Cash and Investments - Restricted	1,867,204
Receivable - County Treasurer	9,183
Accounts Receivable	13,500
Property Taxes Receivable	1,673,048
Total Assets	3,624,953
LIABILITIES	
Due to Thompson Crossing No. 3	7,206
Accrued Interest	127,060
Noncurrent Liabilities:	
Due in More Than One Year	32,976,503
Total Liabilities	33,110,769
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,673,048
Total Deferred Inflows of Resources	1,673,048
NET POSITION	
Restricted for:	
Emergency Reserves	2,400
Unrestricted	(31,161,264)
Total Net Position	\$ (31,158,864)

See accompanying Notes to Basic Financial Statements.

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

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 552,001	\$ -	\$ 40,500	\$ -	\$ (511,501)
Interest and Related Costs on Long-Term Debt	1,467,009	-	-	-	(1,467,009)
Total Governmental Activities	\$ 2,019,010	\$ -	\$ 40,500	\$ -	(1,978,510)
GENERAL REVENUES					
Property Taxes					1,575,032
Specific Ownership Taxes					113,055
Net Investment Income					13,975
Total General Revenues					1,702,062
CHANGE IN NET POSITION					(276,448)
Net Position - Beginning of Year					(30,882,416)
NET POSITION - END OF YEAR					\$ (31,158,864)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 62,018	\$ -	\$ 62,018
Cash and Investments - Restricted	2,400	1,864,804	1,867,204
Receivable - County Treasurer	3,206	5,977	9,183
Due from Thompson Crossing No. 3	13,500	-	13,500
Property Taxes Receivable	584,089	1,088,959	1,673,048
 Total Assets	 \$ 665,213	 \$ 2,959,740	 \$ 3,624,953
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to Thompson Crossing No. 3	\$ 3,206	\$ 4,000	\$ 7,206
Total Liabilities	3,206	4,000	7,206
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	584,089	1,088,959	1,673,048
Total Deferred Inflows of Resources	584,089	1,088,959	1,673,048
FUND BALANCES			
Restricted for:			
Emergency Reserves	2,400	-	2,400
Debt Service	-	1,866,781	1,866,781
Unassigned	75,518	-	75,518
Total Fund Balances	77,918	1,866,781	1,944,699
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 665,213	 \$ 2,959,740	
Amounts reported for governmental activities in the statement of net position are different because:			
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 on Bonds			(127,060)
Bonds Payable			(31,270,000)
Bond Premium Payable			(1,706,503)
Net Position of Governmental Activities			\$ (31,158,864)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 549,870	\$ 1,025,162	\$ 1,575,032
Specific Ownership Tax	39,470	73,585	113,055
Net Investment Income	79	13,896	13,975
System Development Fees	40,500	-	40,500
Total Revenues	<u>629,919</u>	<u>1,112,643</u>	<u>1,742,562</u>
EXPENDITURES			
Current:			
County Treasurer's Fee	11,000	20,507	31,507
Transfer to District No. 3 - Operations	541,001	-	541,001
Debt Service:			
Bond Interest	-	1,524,725	1,524,725
Paying Agent and Trustee Fees	-	4,000	4,000
Total Expenditures	<u>552,001</u>	<u>1,549,232</u>	<u>2,101,233</u>
NET CHANGE IN FUND BALANCES	77,918	(436,589)	(358,671)
Fund Balances - Beginning of Year	<u>-</u>	<u>2,303,370</u>	<u>2,303,370</u>
FUND BALANCES - END OF YEAR	<u>\$ 77,918</u>	<u>\$ 1,866,781</u>	<u>\$ 1,944,699</u>

See accompanying Notes to Basic Financial Statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ (358,671)

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

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.

Amortization of Bond premium

82,223

Change in Net Position of Governmental Activities

\$ (276,448)

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
GENERAL FUND
STATEMENT 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			
Property Taxes	\$ 550,680	\$ 549,870	\$ (810)
Specific Ownership Tax	33,041	39,470	6,429
Net Investment Income	500	79	(421)
System Development Fees	64,000	40,500	(23,500)
Other Income	15,779	-	(15,779)
Total Revenues	<u>664,000</u>	<u>629,919</u>	<u>(34,081)</u>
EXPENDITURES			
County Treasurer's Fee	11,014	11,000	14
Transfer to District No. 3 - Operations	573,207	541,001	32,206
Contingency	15,779	-	15,779
Total Expenditures	<u>600,000</u>	<u>552,001</u>	<u>47,999</u>
NET CHANGE IN FUND BALANCES	64,000	77,918	13,918
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 64,000</u>	<u>\$ 77,918</u>	<u>\$ 13,918</u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Thompson Crossing Metropolitan District No. 4 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Larimer County on November 9, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide for the construction, installation, financing, and operation of public improvements, including streets, traffic safety controls, water, sanitary sewer, storm drainage, television relay and translator, transportation, park and recreation facilities, and mosquito control within the District.

Under a Consolidated Service Plan dated August 20, 2001, as modified on October 3, 2005, the District was organized in conjunction with five other related districts, Thompson Crossing Metropolitan District No. 1 (Control District), Thompson Crossing Metropolitan District No. 2 (Commercial District), Thompson Crossing Metropolitan District No. 3 (Operating District), Thompson Crossing Metropolitan District No. 5 (Financing District), and Thompson Crossing Metropolitan District No. 6 (Financing District) (collectively, the Districts). The District serves as the Financing District for Thompson Crossing Metropolitan District No. 3. The District's service area is located entirely within the Town of Johnstown (Town), Larimer County, Colorado.

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

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

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

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 property taxes and intergovernmental revenues.

THOMPSON CROSSING 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 assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and system 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC 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 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 and investments.

Property Taxes

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

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

System Development Fees and Facilities Fees

System development fees are charged against properties within the District. The system development fee is due at the time of issuance of a building permit. All fees prior to September 5, 2019 were pledged revenue to be used for payment of principal and interest on the Series 2006 bonds. As of September 5, 2019, system development fees are no longer pledged to the District's bonds and all such fees and development fees are repealed. Following September 5, 2019, the District collects and retains a Facilities Fee in the amount of \$500 per residential home for the first 500 homes for which a building permit is issued.

District Fees

The District and Thompson Crossing Metropolitan District No. 6 adopted a maintenance fee in the amount of \$85 per month per lot to maintain common areas within the boundaries of the Thompson River Ranch Filing No. 9, which is paid to Thompson Crossing Metropolitan

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District Fees (Continued)

District No. 3 to fund the applicable portion of the cost of the Thompson Crossing Metropolitan District No. 3's maintenance activities related thereto.

Deferred Inflows 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.

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.

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.

**THOMPSON CROSSING 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)

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 62,018
Cash and Investments - Restricted	<u>1,867,204</u>
Total Cash and Investments	<u><u>\$ 1,929,222</u></u>

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

Investments	<u><u>\$ 1,929,222</u></u>
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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 did not have any cash deposits since the local government investment pool described below provides payment services.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

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	\$ 1,929,222
		<u>\$ 1,929,222</u>

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

NOTE 4 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2019	Additions	Reductions	Balance - December 31, 2020
Government Activities:				
General Obligation Bonds -				
Series 2019	\$ 31,270,000	\$ -	\$ -	\$ 31,270,000
Bond Premium	1,788,726	-	82,223	1,706,503
Total	<u>\$ 33,058,726</u>	<u>\$ -</u>	<u>\$ 82,223</u>	<u>\$ 32,976,503</u>

The details of the District's long-term obligations are described in Note 7.

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds

Series 2019 General Obligation Refunding and Improvement Bonds

On September 5, 2019, the District issued \$31,270,000 in Series 2019 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, which bear interest of 3.5% to 5.0% (4.0271% yield), payable semi-annually on June 1 and December 1. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The bonds mature on December 1, 2049.

Proceeds from the sale of the Bonds were used to refund the Series 2006 General Obligations Bonds and to reimburse a portion of public infrastructure costs. A portion of the proceeds were also used to fund an initial deposit to the Surplus Fund and the costs of issuing the Bonds.

The Series 2019 Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy net of the cost of collection, specific ownership taxes allocable to the Required Mill Levy, Capital Fees (not including system development fees, which are not pledged to the payment of the bonds) and any other legally available moneys of the District credited to the Bond Fund. The Required Mill Levy (for debt service) is defined in the Bond Resolution as a mill levy imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of and interest on the Series 2019 Bonds but not in excess of 50 mills and not less than 41.838 mills, as adjusted for changes in the method of calculating assessed valuation after August 20, 2001. The minimum mill levy as currently adjusted is 53.541 mills and the maximum mill levy as currently adjusted is 63.986 mills. Once the Debt to Assessed Ratio on total debt issued is 50% or less, the mill levy may be imposed in an amount sufficient to pay debt service on the Series 2019 Bonds without limitation or rate.

A surplus fund was established as additional security for the bonds and will be used to fund any deficiencies in the amounts required to pay bond principal and interest when due. The surplus fund will be funded up to a maximum amount of \$4,690,500, solely from available Pledged Revenue that is not required to pay the principal or interest on the bonds. The surplus fund will be maintained until the Debt to Assessed Ratio is 50% or less, after which any balances remaining in the surplus fund will be transferred to the District for application to any lawful purpose. The bonds do not have a reserve requirement other than this surplus fund. The balance in the surplus fund is \$1,855,520 as of December 31, 2020.

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds (Continued)

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,524,725	\$ 1,524,725
2022	-	1,524,725	1,524,725
2023	-	1,524,725	1,524,725
2024	95,000	1,524,725	1,619,725
2025-2029	2,490,000	7,464,375	9,954,375
2030-2034	4,050,000	6,796,750	10,846,750
2035-2039	5,760,000	5,622,000	11,382,000
2040-2044	8,010,000	3,968,250	11,978,250
2045-2049	10,865,000	1,694,750	12,559,750
Total	<u>\$ 31,270,000</u>	<u>\$ 31,645,025</u>	<u>\$ 62,915,025</u>

Authorized Debt

On November 1, 2005, District voters approved debt authorization in the amount of \$520,000,000 for the construction of capital improvements, with an additional \$65,000,000 for refunding debt. The voters also authorized debt of \$65,000,000 for the cost of operating and maintaining the District's systems.

The Modified Consolidated Service Plan dated October 3, 2005, limits the total principal amount of obligations that the Districts may have outstanding in aggregate at any one time to \$65,000,000, provided that in the case where obligations of the Financing Districts are supporting revenue bonds of the Control District, the Control District revenue bonds shall not be counted. At December 31, 2020, the total outstanding principal obligations of the Districts were \$55,560,000, which includes \$20,455,000 of debt in Thompson Crossing Metropolitan District No. 2, \$31,270,000 of debt in Thompson Crossing Metropolitan District No.4, and \$3,835,000 in Thompson Crossing Metropolitan District No. 6.

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

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

The District had authorized but unissued debt at December 31, 2020, for the following detailed purposes:

	Authorized November 1, 2005 Election	Authorization Used Series 2006	Authorization Used - Series 2019 Refunding Bonds	Authorization Used - Series 2019 Improvement Bonds	Remaining at December 31, 2020
Water	\$ 65,000,000	\$ 3,145,350	\$ -	\$ 324,193	\$ 61,530,457
Sanitary and Storm Sewer	65,000,000	8,226,300	-	372,514	56,401,186
Streets	65,000,000	8,952,150	-	782,286	55,265,564
Parks and Recreation	65,000,000	3,629,250	-	131,250	61,239,500
Traffic and Safety	65,000,000	-	-	-	65,000,000
Operations and Maintenance	65,000,000	241,950	-	-	64,758,050
Debt Refunding	65,000,000	-	5,464,757	-	59,535,243
Television Relay	65,000,000	-	-	-	65,000,000
Public Transportation	65,000,000	-	-	-	65,000,000
Mosquito Control	65,000,000	-	-	-	65,000,000
Total	<u>\$ 650,000,000</u>	<u>\$ 24,195,000</u>	<u>\$ 5,464,757</u>	<u>\$ 1,610,243</u>	<u>\$ 618,730,000</u>

NOTE 5 NET POSITION

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

Restricted net position includes 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:

Emergency Reserves	<u>\$ 2,400</u>
Total Restricted Net Position	<u>\$ 2,400</u>

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

NOTE 6 RELATED PARTIES

Certain members of the Board of Directors during 2020 were employees of, or consultants to, Clayton Properties Group II, Inc., a Colorado corporation doing business as Oakwood Homes and the major landowner, developer, and home builder of the property within Thompson Crossing Metropolitan District Nos. 3, 4, 5, and 6.

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

NOTE 7 DISTRICT AGREEMENTS

District Facilities Construction and Service Intergovernmental Agreement

On June 29, 2006, Thompson Crossing Metropolitan District No. 3 (Operating District) entered into an agreement with Thompson Crossing Metropolitan District No. 4 and Thompson Crossing Metropolitan District No. 5 (Financing Districts). The Agreement was amended and restated on May 21, 2008, to include Thompson Crossing Metropolitan District No. 6 as a Financing District. Under the Amended Agreement, the Operating District will, on behalf of the Financing Districts, contract for and supervise the construction and acquisition of District facilities, including water, sanitation, street, safety, park and recreation, transportation facilities, programs, and other public infrastructure and services. The Operating District shall own all the facilities and shall be responsible for the operation and maintenance of all facilities.

The District facilities are to be financed from the proceeds of general obligation indebtedness to be issued by the Financing Districts. The Financing Districts, upon execution of the agreement, shall provide for the payment of the capital and service costs or, at the option of any Financing District, may make annual payments to an escrow account for capital costs and to a service fund account for service costs. The amount of payment due under the annual payment option shall not be less than the amounts set forth in the final budget for the budget year, as prepared by the Operating District and approved by the Financing Districts. Once payments have been made to the Operating District, the Operating District shall have sole authority to withdraw monies from the accounts but shall account to the Financing Districts for funds withdrawn and payments made.

The financial obligations of the Financing Districts under this agreement are general obligations of the Financing Districts, and shall be payable from ad valorem taxes generated as a result of the certification by the Financing Districts of a mill levy, except as they may actually be paid from other revenues. The Boards of the Financing Districts shall annually determine, fix, and certify a rate of levy for ad valorem taxes which, when added to other funds of the Financing Districts, will be sufficient to promptly and fully pay the amounts to be paid under this agreement, as well as all other general obligation indebtedness of the Financing Districts, as the same become due.

During 2020, the District transferred \$541,001 of service costs to Thompson Crossing Metropolitan District No. 3 under this agreement.

Advance and Reimbursement and Facilities Acquisition Agreement

On August 22, 2019, the District and the Developer entered into an Advance and Reimbursement and Facilities Acquisition Agreement whereby the Developer agreed to loan moneys to the District for purposes of funding public infrastructure costs of the District. Under the agreement, construction contracts entered into by the Developer for the benefit of the District are subject to future reimbursement by the District. Interest accrues on advances at 8% per annum. As of December 31, 2020, no amounts are due under this agreement.

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

NOTE 8 RISK MANAGEMENT

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

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

The District pays annual premiums to the Pool for liability, property 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 9 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 transfers a portion of its operating revenue to the Operating District. Therefore, the Emergency Reserves related to the District's revenues transferred are reported in the Operating District.

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.

On November 1, 2005, the District voters passed an election question to increase property taxes \$5,000,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenue annually, other than ad valorem taxes, without regard to limitations under TABOR.

SUPPLEMENTARY INFORMATION

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
DEBT SERVICE 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			
Property Taxes	\$ 1,026,672	\$ 1,025,162	\$ (1,510)
Specific Ownership Tax	61,600	73,585	11,985
Net investment Income	6,000	13,896	7,896
Total Revenues	<u>1,094,272</u>	<u>1,112,643</u>	<u>18,371</u>
EXPENDITURES			
Current:			
County Treasurer's Fee	20,533	20,507	26
Bond Interest	1,524,725	1,524,725	-
Paying Agent and Trustee Fees	3,000	4,000	(1,000)
Contingency	3,742	-	3,742
Total Expenditures	<u>1,552,000</u>	<u>1,549,232</u>	<u>2,768</u>
NET CHANGE IN FUND BALANCES	(457,728)	(436,589)	21,139
Fund Balances - Beginning of Year	<u>2,657,662</u>	<u>2,303,370</u>	<u>(354,292)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,199,934</u></u>	<u><u>\$ 1,866,781</u></u>	<u><u>\$ (333,153)</u></u>

OTHER INFORMATION

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2020**

\$31,270,000 General Obligation Limited Tax Convertible To Unlimited Tax
Refunding And Improvement Bonds
Series 2019
Dated August 27, 2019
Interest Rate of 3.50%-5.00% (4.0271% Yield)
Payable June 1 and December 1
Principal due December 1

<u>Year Ended December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,524,725	\$ 1,524,725
2022	-	1,524,725	1,524,725
2023	-	1,524,725	1,524,725
2024	95,000	1,524,725	1,619,725
2025	270,000	1,521,400	1,791,400
2026	440,000	1,511,950	1,951,950
2027	530,000	1,496,550	2,026,550
2028	615,000	1,478,000	2,093,000
2029	635,000	1,456,475	2,091,475
2030	700,000	1,434,250	2,134,250
2031	735,000	1,399,250	2,134,250
2032	815,000	1,362,500	2,177,500
2033	855,000	1,321,750	2,176,750
2034	945,000	1,279,000	2,224,000
2035	990,000	1,231,750	2,221,750
2036	1,085,000	1,182,250	2,267,250
2037	1,140,000	1,128,000	2,268,000
2038	1,240,000	1,071,000	2,311,000
2039	1,305,000	1,009,000	2,314,000
2040	1,415,000	943,750	2,358,750
2041	1,485,000	873,000	2,358,000
2042	1,605,000	798,750	2,403,750
2043	1,685,000	718,500	2,403,500
2044	1,820,000	634,250	2,454,250
2045	1,910,000	543,250	2,453,250
2046	2,055,000	447,750	2,502,750
2047	2,155,000	345,000	2,500,000
2048	2,315,000	237,250	2,552,250
2049	2,430,000	121,500	2,551,500
Total	<u>\$ 31,270,000</u>	<u>\$ 31,645,025</u>	<u>\$ 62,915,025</u>

**THOMPSON CROSSING 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		Percentage Collected to Levied
		General	Debt	Levied	Collected	
		Fund	Service			
2016	\$ 13,395,227	20.000	57.475	\$ 1,037,795	\$ 1,032,006	99.44 %
2017	13,829,127	24.000	57.475	1,126,728	1,126,399	99.97
2018	15,287,869	26.533	63.541	1,377,040	1,374,443	99.81
2019	15,850,529	26.533	63.541	1,427,721	1,426,816	99.94
2020	19,175,444	28.718	53.541	1,577,352	1,575,032	99.85
Estimated for the Year Ending December 31, 2021	\$ 20,338,786	28.718	53.541	\$ 1,673,048		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.