

Trailside Metropolitan District No. 4

Annual Financial Report


December 31, 2020

Table of Contents

	Page
INDEPENDENT AUDITOR’S REPORT	I-II
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position	3
Governmental Fund Revenues, Expenditures, Changes in Fund Balances and Reconciliation to Statement of Activities	4
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—General Fund	5
Notes to Basic Financial Statements	6
SUPPLEMENTARY INFORMATION	
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Debt Service Fund	16
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Capital Projects Fund	17
Schedule of Debt Service Requirements to Maturity	18
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected	19



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

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Trailside Metropolitan District No. 4
Larimer County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Trailside Metropolitan District No. 4 (the "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 the major funds of Trailside 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.

Basis for opinions

We conducted our audits 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 Trailside Metropolitan District No. 4 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Trailside Metropolitan District No. 4'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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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:



An independently owned member
RSM US Alliance



- 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 Trailside Metropolitan District No. 4'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 Trailside Metropolitan District No. 4's ability to continue as a going concern for a reasonable period of time.

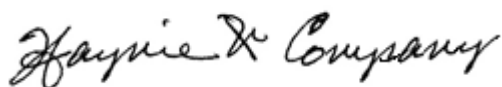
Other-Matters*Required Supplementary Information*

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 opinions on the financial statements that collectively comprise Trailside Metropolitan District No. 4's basic financial statements. The supplementary information section 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 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
July 20, 2021

Basic Financial Statements

Trailside Metropolitan District No. 4
Statement of Net Position
December 31, 2020

Assets	Governmental Activities
Cash and investments - restricted	\$ 1,397,927
Property tax receivable	12,194
Due from Trailside No. 1	50,195
Total Assets	<u>\$ 1,460,316</u>
Liabilities	
Deferred property tax revenue	\$ 12,194
Non-current liabilities:	
Bond interest payable	47,695
Bonds payable, net	11,314,533
Total liabilities	<u>11,374,422</u>
Net Position	
Restricted for:	
Debt service	1,445,641
Capital projects	2,481
Unrestricted	<u>(11,362,228)</u>
Total Net Position	<u>(9,914,106)</u>
Total Liabilities and Net Position	<u>\$ 1,460,316</u>

The accompanying notes are an integral part of these financial statements.

Trailside Metropolitan District No. 4
Statement of Activities
For the Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services and</u> <u>other fees</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities:					
General government	\$ -	\$ 63,934	\$ -	\$ -	\$ 63,934
Interest and related costs on long term debt	574,382	-	-	-	(574,382)
Intergovernmental expenditures	<u>2,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,854)</u>
	<u>577,236</u>	<u>63,934</u>	<u>-</u>	<u>-</u>	<u>(513,302)</u>
Change in net position					(513,302)
Net position - beginning of year (restated)					<u>(9,400,804)</u>
Net position - end of year					<u>\$ (9,914,106)</u>

The accompanying notes are an integral part of these financial statements.

Trailside Metropolitan District No. 4
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments - restricted	\$ -	\$ 1,395,446	\$ 2,481	\$ 1,397,927
Property tax receivable	-	12,194	-	12,194
Due from Trailside No. 1	-	50,195	-	50,195
Total assets	-	1,457,835	2,481	1,460,316
Liabilities				
Deferred property tax revenue	-	12,194	-	12,194
Total liabilities	-	12,194	-	12,194
Fund Balances				
Restricted - debt service	-	1,445,641	-	1,445,641
Committed - capital projects	-	-	2,481	2,481
Total fund balances	-	1,445,641	2,481	1,448,122
Total Liabilities and Fund Balances	\$ -	\$ 1,457,835	\$ 2,481	\$ 1,460,316

Total governmental fund balance per above \$ 1,448,122

Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:

Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:

Bonds payable	(11,364,000)
Bond discount	49,467
Accrued interest on bonds	(47,695)
Net position of governmental activities	\$ (9,914,106)

The accompanying notes are an integral part of these financial statements.

Trailside Metropolitan District No. 4
Governmental Fund Revenues, Expenditures, Changes in Fund
Balances and Reconciliation to Statement of Activities
For the Year Ended December 31, 2020

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Property taxes	\$ 2,713	\$ 10,854	\$ -	\$ 13,567
Specific ownership	195	778	-	973
Service Fees District 2	-	20,060	-	20,060
Service Fees District 3	-	16,893	-	16,893
Service Fees District 5	-	25	-	25
Interest income	-	12,414	2	12,416
Total Revenues	2,908	61,024	2	63,934
Expenditures				
Debt service				
County treasurer's fee	54	217	-	271
Bond interest	-	572,344	-	572,344
Intergovernmental expenditures	2,854	-	-	2,854
Total Expenditures	2,908	572,561	-	575,469
Excess Revenues Over (Under)				
Expenditures	-	(511,537)	2	(511,535)
Fund balances				
Beginning of the year	-	1,957,178	2,479	1,959,657
End of the year	\$ -	\$ 1,445,641	\$ 2,481	\$ 1,448,122
Net change in fund balances - Governmental Funds				(511,535)

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 discount	(1,767)
Change in Net Position of Governmental Activities	\$ (513,302)

The accompanying notes are an integral part of these financial statements.

Trailside Metropolitan District No. 4
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 2,713	\$ 2,713	\$ -
Specific ownership taxes	163	195	32
Interest and other	100	-	(100)
Total Revenues	<u>2,976</u>	<u>2,908</u>	<u>(68)</u>
Expenditures			
Treasurer's fees	54	54	-
Payment for services to No. 1	2,822	2,854	(32)
Contingency	100	-	100
Total Expenditures	<u>2,976</u>	<u>2,908</u>	<u>68</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Trailside Metropolitan District No. 4
Notes to Financial Statements
December 31, 2020

1. Definition of Reporting Entity

Trailside Metropolitan District No. 4 (the District) (formerly known as Rendezvous Metropolitan District No. 4), was organized pursuant to an Order and Decree issued by the Larimer County District Court on April 17, 2018, and recorded in the Larimer County real property records on June 15, 2018. Formation of the District was preceded by the approval thereof by the Town Council of Timnath, Colorado of a Consolidated Service Plan for Trailside Metropolitan District Nos. 1-5 (formerly known as Rendezvous Metropolitan District Nos. 1-5) and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Timnath on March 27, 2018. In 2019, the names of the Districts were changed to Trailside Metropolitan District Nos. 1-5. The District's service area is located entirely within the Town in Larimer County, Colorado. The District was organized to provide planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the public improvements needed for the project.

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.

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.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

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

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

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

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 fund.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 presented on the modified accrual 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. Investments are carried at fair value.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Fund Equity

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.
- *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 policy to use the most restrictive classification first.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 7).

The restricted fund balance in the Debt Service Fund is to be used exclusively for future payment of bond principal, interest and related costs.

3. Cash and Investments

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

Statement of net position:

Cash and investments—Restricted	<u>\$ 1,397,927</u>
	<u>\$ 1,397,927</u>

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

Deposits with financial institutions	<u>\$ 1,397,927</u>
Total cash and investments	<u>\$ 1,397,927</u>

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.

As of December 31, 2020, the District's cash deposits had a carrying balance and bank balance of \$1,397,927, of which \$250,000 was FDIC insured and the remainder is collateralized by PDPA.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2020

4. Long-Term Liabilities

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

	Balance December 31, 2019 (restated)	Additions	Payments	Balance December 31, 2020	Due Within One Year
Series 2018A Limited Tax					
General Obligation Bonds	\$10,175,000	\$ -	\$ -	\$ 10,175,000	\$ -
Series 2018B Subordinate Limited					
Tax General Obligation Bonds	1,189,000	-	-	1,189,000	-
Bond discount	<u>(51,233)</u>	<u>-</u>	<u>(1,766)</u>	<u>(49,467)</u>	<u>(1,767)</u>
	<u>\$11,312,767</u>	<u>\$ -</u>	<u>\$ (1,766)</u>	<u>\$ 11,314,533</u>	<u>\$ (1,767)</u>

\$10,175,000 Limited Tax General Obligation Bonds, Series 2018A

On September 1, 2018, the District issued \$10,175,000 (original issue amount) Limited Tax General Obligation Bonds, Series 2018A. The bonds, maturing December 1, 2048, bear an interest rate of 5.625% per annum, calculated on a basis of a 360 day year of twelve 30-day months, payable semi-annually on June 1 and December 1.

The 2018A Senior Bonds are subject to redemption, prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2023 and on any date thereafter, upon payment of par plus accrued interest to the date of redemption, with no redemption premium.

Further, the 2018A Senior Bonds are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2024, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2020

4. Long-Term Liabilities (continued)

Below is a summary of the future maturities of the Series 2018A Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 572,344	\$ 572,344
2022	-	572,344	572,344
2023	-	572,344	572,344
2024	80,000	572,344	652,344
2025-2029	770,000	2,761,875	3,531,875
2030-2034	1,220,000	2,497,219	3,717,219
2035-2039	1,810,000	2,091,375	3,901,375
2040-2044	2,610,000	1,497,094	4,107,094
2045-2048	3,685,000	604,125	4,289,125
Total	<u>\$10,175,000</u>	<u>\$12,313,406</u>	<u>\$22,488,406</u>

\$1,189,000 Subordinate Limited Tax General Obligation Bonds, Series 2018B

On September 1, 2018, the District issued \$1,189,000 (original issue amount) Subordinate Limited Tax General Obligation Bonds, Series 2018B. The bonds, maturing December 15, 2048, bear an interest rate of 8.000% per annum, calculated on a basis of a 360 day year of twelve 30-day months, payable annually on each December 15. The total accrued and unpaid interest on the bonds was \$241,415, as of December 31, 2020.

The 2018B Subordinate Bonds are subject to redemption, prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 15, 2023 and on any date thereafter, upon payment of par plus accrued interest to the date of redemption, with no redemption premium.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2020

4. Long-Term Liabilities (continued)

Below is a summary of the future maturities of the Series 2018B Bonds:

	Principal	Interest	Total
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025-2029	-	310,763	310,763
2030-2034	-	1,164,445	1,164,445
2035-2039	-	1,216,638	1,216,638
2040-2044	-	1,279,966	1,279,966
2045-2048	1,189,000	598,215	1,787,215
Total	\$ 1,189,000	\$ 4,570,027	\$ 5,759,027

5. Net Position

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

Restricted net position:

Debt service (see Note 4)	\$ 1,445,641
Capital projects	2,481
Total restricted net position	<u>\$ 1,448,122</u>

Unrestricted net position is in a deficit position of (\$11,411,695), due primarily to the District being responsible for debt used for the purchase of assets not held and maintained by the District. This will be eliminated in future years through the collection of property taxes.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2020

6. 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 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.

7. Tax, Spending and Debt Limitations

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The District's TABOR reserves are held in Trailside Metropolitan District No. 1.

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.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2020

8. Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. District management believes that all potential conflicts, if any, have been properly disclosed.

9. Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, many state and local governments instituted restrictions that substantially limited the operations of non-essential businesses and the activities of individuals. While some of these restrictions have been eased, there is still significant uncertainty around the extent and duration of those still in place and the possibility for restrictions to be increased again in the future. The extent to which the pandemic will impact the District's financial results in the coming periods depends on future developments, including where there are additional outbreaks of COVID-19 and the actions taken to contain or address the virus. As a consequence, the pandemic and its associated impact on the U.S. economy and public confidence could have a material impact on the District's future results of operations, financial condition and cash flows.

10. Prior-Period Restatement

In the government-wide financial statements, it was determined that the bond discount related to the Series 2018 bonds had not been included in the prior-period financial statements. This did not affect fund balances. Therefore, beginning net position has been restated as follows:

	Reported Balance December 31, 2019	Adjustment	Restated Balance December 31, 2019
Net Position	<u>\$(9,452,039)</u>	<u>\$ 51,235</u>	<u>\$(9,400,804)</u>

Supplementary Information

Trailside Metropolitan District No. 4
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2020

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 10,854	\$ 10,854	\$ -
Specific Ownership	651	778	127
Service Fees - District No. 2	19,808	20,060	252
Service Fees - District No. 3	16,665	16,893	228
Service Fees - District No. 5	25	25	-
Interest income	<u>50,000</u>	<u>12,414</u>	<u>(37,586)</u>
Total Revenues	<u>98,003</u>	<u>61,024</u>	<u>(36,979)</u>
Expenditures			
Bond interest			
Series 2018 A	572,344	572,344	-
Trustee Fees		-	-
Treasurer's Fees	6	-	6
Contingency	<u>30,000</u>	<u>217</u>	<u>29,783</u>
Total Expenditures	<u>602,350</u>	<u>572,561</u>	<u>29,789</u>
Excess Revenue Over (Under)			
Expenditures	<u>(504,347)</u>	<u>(511,537)</u>	<u>(7,190)</u>
Fund Balance—Beginning of year	<u>(574,458)</u>	<u>1,957,178</u>	<u>2,531,636</u>
Fund Balance—End of Year	<u><u>\$ (1,078,805)</u></u>	<u><u>\$ 1,445,641</u></u>	<u><u>\$ 2,524,446</u></u>

Trailside Metropolitan District No. 4
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Interest income	\$ -	\$ -	\$ 2	\$ 2
Total revenues	-	-	2	2
Expenditures				
Transfer to District 1 Capital Fund	-	-	-	-
Total expenditures	-	-	-	-
Excess Revenue Over (Under)				
Expenditures	-	-	2	2
Fund Balance—Beginning of year	-	-	2,479	2,479
Fund Balance—End of Year	\$ -	\$ -	\$ 2,481	\$ 2,481

Trailside Metropolitan District No. 4
Schedule of Debt Service Requirements to Maturity
As of December 31, 2020

Year Ended December 31,	\$10,175,000 Limited Tax General Obligation Bonds Series 2018A Interest Rate 5.625% Principal Due December 1 Interest Payable June 1 and December 1			\$1,189,000 Subordinate Limited Tax General Obligation Bonds Series 2018B Interest Rate 8.000% Forecasted Principal and Interest Payments Payable each December 15		
	Principal	Interest	Total	Principal	Interest	Total
2021	-	572,344	572,344	-	-	-
2022	-	572,344	572,344	-	-	-
2023	-	572,344	572,344	-	-	-
2024	80,000	572,344	652,344	-	-	-
2025	120,000	567,844	687,844	-	-	-
2026	140,000	561,094	701,094	-	-	-
2027	150,000	553,219	703,219	-	-	-
2028	175,000	544,781	719,781	-	88,478	88,478
2029	185,000	534,938	719,938	-	222,285	222,285
2030	205,000	524,531	729,531	-	231,433	231,433
2031	220,000	513,000	733,000	-	227,964	227,964
2032	245,000	500,625	745,625	-	234,454	234,454
2033	260,000	486,844	746,844	-	233,235	233,235
2034	290,000	472,219	762,219	-	237,359	237,359
2035	305,000	455,906	760,906	-	238,672	238,672
2036	340,000	438,750	778,750	-	240,716	240,716
2037	355,000	419,625	774,625	-	244,841	244,841
2038	395,000	399,656	794,656	-	245,095	245,095
2039	415,000	377,438	792,438	-	247,314	247,314
2040	455,000	354,094	809,094	-	251,349	251,349
2041	480,000	328,500	808,500	-	251,943	251,943
2042	525,000	301,500	826,500	-	255,049	255,049
2043	550,000	271,969	821,969	-	259,580	259,580
2044	600,000	241,031	841,031	-	262,045	262,045
2045	635,000	207,281	842,281	-	260,795	260,795
2046	685,000	171,563	856,563	92,000	176,220	268,220
2047	725,000	133,031	858,031	179,000	87,760	266,760
2048	1,640,000	92,250	1,732,250	918,000	73,440	991,440
	<u>\$ 10,175,000</u>	<u>\$ 11,741,063</u>	<u>\$ 21,916,063</u>	<u>\$ 1,189,000</u>	<u>\$ 4,570,027</u>	<u>\$ 5,759,027</u>

Trailside Metropolitan District No. 4
Summary of Assessed Valuation,
Mill Levy and Property Taxes Collected
For the Year Ended December 31, 2020

<u>Year Ended</u> <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percentage Collected</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2019	\$ 6,960	10.000	40.000	\$ 348	\$ 348	100.00%
2020	\$ 271,347	10.000	40.000	\$ 13,567	\$ 13,567	100.00%
Estimated for the year ending December 31, 2021	\$ 243,874	10.000	40.000	\$ 12,194		