

Meadowbrook Fairview Metropolitan District

Basic Financial Statements
and
Supplemental Information

Years Ended December 31, 2021

with

Independent Auditor's Report

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COLORADO CPA COMPANY

Independent Auditor's Report

Board of Directors
Meadowbrook Fairview Metropolitan District
Jefferson County, Colorado

Opinion

We have audited the accompanying financial statements of the business-type activities of the Meadowbrook Fairview Metropolitan District (the "District"), as of and for the year ended December 31, 2021, and the related notes to the 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 Meadowbrook Fairview Metropolitan District as of December 31, 2021, and its changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 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 District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is provided for legal compliance and additional analysis and is not a required part of the basic financial statements.

The supplemental information 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 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 supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Colorado CPA Company PC

Highlands Ranch, Colorado
September 21, 2022

Meadowbrook Fairview Metropolitan District

Statement of Net Position

December 31, 2021

Assets

Current assets:

Cash and cash equivalents	\$ 2,248,273
Investments - unrestricted	3,218,008
Investments - restricted	263,781
Accounts receivable	29,596
Receivable - County Treasurer	600
Property taxes receivable	144,241
Accrued interest	3,279
Prepaid Expenses	445
Total current assets	<u>5,908,223</u>

Capital assets, net of accumulated depreciation	<u>475,368</u>
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Total assets	<u><u>\$ 6,383,591</u></u>
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Liabilities, Deferred Inflows of Resources and Net Position

Current liabilities:

Accounts and taxes payable	<u>\$ 25,155</u>
Current and total liabilities	25,155

Deferred inflows of resources:

Deferred property taxes	<u>144,241</u>
Total deferred inflows of resources	144,241

Net position:

Net investment in capital assets	475,368
Restricted for:	
Emergencies	13,781
Capital reserves	250,000
Unrestricted	<u>5,475,046</u>
Total net position	<u><u>6,214,195</u></u>

Total liabilities, deferred inflows of resources and net position	<u><u>\$ 6,383,591</u></u>
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Note: the accompanying notes are an integral part of these financial statements.

Meadowbrook Fairview Metropolitan District
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended December 31, 2021

Operating revenues:	
Sewer revenue	\$ 482,613
Other operating revenue	1,010
Total operating revenue	483,623
Operating expenses:	
Accounting and audit	35,435
Community center	1,705
Contract maintenance	89,421
Depreciation	75,144
Engineering	26,487
Insurance	5,181
Legal	11,210
Management	56,534
Miscellaneous	27
Repair, maintenance and supplies	35,508
Utilities	4,491
Total operating expenses	341,143
Net operating income (loss)	142,480
Non-operating revenues (expenses):	
Property taxes	125,708
Specific ownership taxes	9,621
Treasurer's fees	(1,887)
Tap fees	188,000
Investment income (loss)	(15,271)
Fire protection service contract	-
Total non-operating revenues (expenses)	306,171
Change in net position	448,651
Net position, beginning of year	5,765,544
Net position, end of year	\$ 6,214,195

Note: the accompanying notes are an integral part of these financial statements.

Meadowbrook Fairview Metropolitan District

Statement of Cash Flows

For the Year Ended December 31, 2021

Cash flows from operating activities:	
Receipts from customers	\$ 481,592
Payments to suppliers	(255,110)
Net cash from operating activities	<u>226,482</u>
Cash flows from noncapital financing activities:	
Taxes - property and specific ownership	135,329
Treasurer's fees	(1,887)
Net cash from noncapital financing activities	<u>133,442</u>
Cash flows from capital financing activities:	
Investment in capital assets	(48,984)
Tap fees received	188,000
Net cash from capital financing activities	<u>139,016</u>
Cash flows from investing activities:	
Interest received	9,275
Net (purchase) maturity of investments	(1,017,100)
Net cash from investing activities	<u>(1,007,825)</u>
Net increase (decrease) in cash and cash equivalents	(508,885)
Cash and cash equivalents - beginning of year	<u>2,757,158</u>
Cash and cash equivalents - end of year	<u><u>\$ 2,248,273</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Income (loss) from operations	\$ 142,480
Adjustments to reconcile income (loss) from operations to net cash from operating activities	
Depreciation expense	75,144
(Increase) decrease in assets:	
Accounts receivable	(2,031)
Prepaid expenses	4,999
Increase (decrease) in liabilities:	
Accounts payable	5,890
Deposits	-
Net cash from operating activities	<u><u>\$ 226,482</u></u>

Note: the accompanying notes are an integral part of these financial statements.

Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Definition of Reporting Entity

The Meadowbrook Fairview Metropolitan District (the “District”), is a quasi-municipal corporation and political subdivision of the State of Colorado, organized and created in 1969. The purpose of the District is to provide sewer and fire protection services to the residents of the District.

The District follows the Governmental Accounting Standards Boards (“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 operation and administrative functions are provided under contract.

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 accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District’s powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The District has elected to follow GASB pronouncements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989 are not applied.

The more significant accounting policies of the District are described as follows:

Basis of Accounting

The District’s records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets. Inclusion fees and tap fees are recorded as contributed capital when received unless the fees result from agreements which are subject to liens on the property and have interest bearing receivables.

Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing sewer services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Management Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the District's management to make 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.

Budget and Budgetary Accounting

In accordance with the State Budget Law of Colorado, 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 assuming it meets the notification and publication requirements.

Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits, certain money market and savings accounts at financial institutions. Repurchase agreements, certificates of deposit, and certain money market and U.S. Treasury Notes, are classified as investments and are not reflected as cash in the statement of cash flows.

Contributed Capital

Tap fees are recorded as non-operating revenue.

Fair Value of Financial Instruments

The District's financial instruments include cash, cash equivalents, investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments

The District's cash, cash equivalents and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments are reported at net asset value. 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report 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(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical costs or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair value on the date donated. Depreciation of all exhaustible property, plant and equipment used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on the proprietary fund balance sheet. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized.

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewer system	30 years
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Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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 during October or November by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or at the taxpayers' election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November. The County Treasurer remits the taxes collected monthly to the District.

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports the following categories of net position:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive position first.

Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted Net Position

The restricted balance in the Capital Reserve in the amount of \$250,000 is to be used exclusively for the construction of infrastructure assets and related costs. Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$13,781 of Net Position has been reserved in compliance with this requirement.

Note 3 – Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 2,248,273
Investments - unrestricted	3,218,008
Investments - restricted	263,781
Total	<u>\$ 5,730,062</u>

Cash, cash equivalents and investments as of December 31, 2021, consist of the following:

Deposits with financial institutions	\$ 2,248,273
Investments	3,481,789
Total	<u>\$ 5,730,062</u>

Cash Deposits

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, 2021, the District’s total cash deposits had a bank balance of \$2,248,273 and a carrying balance of \$2,248,274, help with one institution insuring up to \$250,000. The District had \$1,998,274 collateralized under PDPA at December 31, 2021.

Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Cash, Cash Equivalents and Investments (continued)

Custodial Credit Risks – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. None of the District's bank balance was exposed to custodial credit risk as of December 31, 2021.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include money market funds, which record their investments at amortized cost.

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 debt service or sinking fund requirements.

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

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

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

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

The local government investment pools include the Colorado Local Government Liquid Asset Trust ("COLOTRUST") rated AAAM by Standard & Poor's.

Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Cash, Cash Equivalents and Investments (continued)

Investments (continued)

As of December 31, 2021, the District had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Liquid Asset Trust ("COLOTRUST")	Less than one year	\$ 2,048,236
Federal Home Loan Bank Notes	Between two and three years	981,416
U.S. Treasury Note	Less than two years	447,442
Wells Fargo Money Market	Less than one year	4,695
Total investments		<u>\$ 3,481,789</u>

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. As of December 31, 2021, the District had \$2,048,236 invested in COLOTRUST Plus+.

Federal Home Loan Banks ("FHLB")

FHLB is a government-sponsored enterprise ("GSE") that provides stable, low-cost funding to U.S. financial institutions for home mortgage, small business, rural, and economic development lending. FHLB is the largest collective source of home mortgage and community credit in the U.S. There are twelve banks in the FHLB system, and the FHLB provide loans only to other banks. FHLB is rated AAA by Moody's and AA+ by Standard & Poor's. The held investments in FHLB mortgages of \$981,416 during the year.

Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Cash, Cash Equivalents and Investments (continued)

Investments (continued)

U.S. Treasury Note

During 2021, the District invested in a U.S. Treasury Note (“T-Note”) with a coupon rate of 1.625% paying interest semi-annually. The T-Note matures in 2023. Obligations of the U.S. government are not considered to have credit risk. As of December 31, 2021, the District held investments of \$447,442 held in a T-Note.

Money Market Fund

Money that was included in the trust accounts at Wells Fargo Bank was invested in the SEI Daily Income Treasury Portfolio. These portfolios are money market funds with each share equal in value to \$1.00. The funds are AAA rated and invest exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less. As of December 31, 2021, the District investments of \$4,695 held in money market funds.

Note 4 – Capital Assets

Following is an analysis of the District’s changes in capital assets for the year ended December 31, 2021:

Business type activities	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Capital assets not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in process	-	48,984	-	48,984
Total capital assets not being depreciated	6,000	48,984	-	54,984
Capital assets being depreciated:				
Improvements and easements	19,458	-	-	19,458
Building	56,411	-	-	56,411
Furniture, equipment and improvements	307,424	-	-	307,424
Sewer system	2,366,513	-	-	2,366,513
Total capital assets being depreciated	2,749,806	-	-	2,749,806
Accumulated depreciation	(2,254,278)	(75,144)	-	(2,329,422)
Capital assets being depreciated, net	\$ 495,528	\$ (75,144)	\$ -	\$ 420,384
Business type assets, net	\$ 501,528	\$ (26,160)	\$ -	\$ 475,368

Depreciation expense for the year ended December 31, 2021 was \$75,144.

Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Risk Management

The District is exposed to various risks of loss related to 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”) as of December 31, 2021. 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 6 – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (“TABOR”), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provision of TABOR.

The District, in accordance with C.R.S. 37-45.1-101 et. Seq., has adopted a policy to treat its operations as an enterprise fund. Because of this, the District does not feel it is subject to many of the requirements of the TABOR amendment.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Meadowbrook Fairview Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Tax, Spending and Debt Limitations (continued)

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

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.

Note 7 – Reconciliation of Revenues and Expenditures – GAAP Basis to Budgetary Basis

The District prepares its budget on an annual basis. The budget is legally enacted through passage of a resolution. The budgetary comparison in this report is on a non-GAAP budgetary basis. The following reconciliation is presented to reconcile to the GAAP basis financial statements:

Revenues:	
Operating revenues	\$ 483,623
Non-operating revenues	306,171
Total revenues - GAAP basis and budgetary basis	<u>\$ 789,794</u>
Expenditures:	
Operating expenses	\$ 341,143
Total expenditures - GAAP basis	341,143
Adjustment for depreciation	(75,144)
Total expenditures - budgetary basis	<u>\$ 265,999</u>

Note 8 – Reserved Capital Contribution

During 1992, the Board of Directors of the District reserved \$250,000 for the establishment of a Sewer, Capital Improvement and Rehabilitation Fund. The board action specifies that the funds are to be used for capital improvements and rehabilitation of the District’s sewer system.

Supplemental Information

Meadowbrook Fairview Metropolitan District
Schedule of Revenue, Expenditures and Changes in Funds Available – Budget and Actual
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sewer revenue	\$ 476,428	\$ 482,613	\$ 6,185
Other operating revenue	100	1,010	910
Property taxes	125,737	125,708	138,590
Specific ownership taxes	9,000	9,621	10,357
Tap fees	144,000	188,000	76,000
Investment income (loss)	3,650	(15,271)	20,899
Total revenue	758,915	791,681	252,941
Expenditures:			
Accounting and audit	35,610	35,435	175
Community center	27,800	1,705	26,095
Contract maintenance	123,275	89,421	33,854
Directors' fees and expenses	7,536	-	7,536
Election	-	-	-
Engineering	46,500	26,487	20,013
Insurance	5,277	5,181	96
Legal	34,058	11,210	22,848
Management	50,291	56,534	(6,243)
Miscellaneous	1,500	27	1,473
Repair, maintenance and supplies	68,221	35,508	32,713
Treasurer's fees	2,086	1,887	199
Utilities	4,575	4,491	84
Capital expenditures	105,000	48,984	56,016
Total expenditures	511,729	316,870	138,843
Excess of revenues over (under) expenditures		474,809	
Beginning funds available		5,264,018	
Ending funds available		\$ 5,738,827	
Funds available are defined as follows:			
Current assets		\$ 5,908,223	
Less: current liabilities		(169,396)	
Ending funds available		\$ 5,738,827	

Note: the accompanying notes are an integral part of these financial statements.

Meadowbrook Fairview Metropolitan District
 Summary of Assessed Valuation, Mill Levy and Property Taxes Collected
 For the Year Ended December 31, 2021

Year Ended,	Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Collected
December 31, 1994	\$ 13,232,880	15.379	\$ 202,775
December 31, 1995	13,608,350	9.938	135,108
December 31, 1996	15,779,570	9.735	157,610
December 31, 1997	16,912,900	9.938	169,514
December 31, 1998	16,913,600	9.380	191,278
December 31, 1999	21,062,000	9.338	194,720
December 31, 2000	24,122,680	8.985	215,905
December 31, 2001	25,313,930	9.312	235,841
December 31, 2002	31,805,940	8.078	255,919
December 31, 2003	32,884,360	8.704	285,625
December 31, 2004	34,292,930	8.933	301,720
December 31, 2005	34,910,920	9.381*	318,776
December 31, 2006	35,336,420	9.381*	330,381
December 31, 2007	35,016,420	14.909**	522,059
December 31, 2008	38,868,820	14.693**	571,100
December 31, 2009	39,952,560	14.693**	586,791
December 31, 2010	39,121,520	14.693**	574,073
December 31, 2011	39,723,340	14.693**	582,608
December 31, 2012	37,021,200	14.686**	543,693
December 31, 2013	37,222,947	14.686**	545,646
December 31, 2014	37,222,947	14.686**	536,948
December 31, 2015	36,576,682	14.686**	539,391
December 31, 2016	44,742,320	14.300**	640,971
December 31, 2017	44,906,015	14.300**	639,310
December 31, 2018	48,144,491	14.300**	384,509
December 31, 2019	48,110,762	8.489**	408,362
December 31, 2020	55,027,079	2.520	138,590
December 31, 2021	55,196,068	2.520	125,708
Anticipated for the year ending December 31, 2022	61,041,776	2.520	144,241

Legend:

*2005-2006 - includes 6.238 mills for fire protection services

**2007-2018 - includes 11.780 mills for fire protection services

Note: the accompanying notes are an integral part of these financial statements.