

MEADOWLARK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2024

with

Independent Auditors' Report

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Meadowlark Metropolitan District  
Douglas County, CO

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Meadowlark Metropolitan District (the "District") as of and for the year ended December 31, 2024, 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 each major fund of the Meadowlark Metropolitan District as of December 31, 2024, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

### **Other Matters**

#### Required Supplemental Information

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.

#### Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as noted in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive, flowing style and is positioned above a horizontal line.

Flynn CPA, LLC

Castle Pines, CO  
September 29, 2025

## Meadowlark Metropolitan District

### BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>					
Cash and investments	\$ 173,031	\$ -	\$ 173,031	\$ -	\$ 173,031
Cash and investments - restricted	3,228	1,535,343	1,538,571	-	1,538,571
Receivable - County Treasurer	816	5,058	5,874	-	5,874
Property taxes receivable	127,120	788,320	915,440	-	915,440
Capital assets not being depreciated	-	-	-	8,602,094	8,602,094
Total Assets	<u>\$ 304,195</u>	<u>\$ 2,328,721</u>	<u>\$ 2,632,916</u>	<u>8,602,094</u>	<u>11,235,010</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 9,875	\$ -	\$ 9,875	-	9,875
Due to Town	140,792	-	140,792	-	140,792
Accrued interest	-	-	-	499,671	499,671
Long-term liabilities:					
Due within one year	-	-	-	95,000	95,000
Due in more than one year	-	-	-	10,600,784	10,600,784
Total Liabilities	<u>150,667</u>	<u>-</u>	<u>150,667</u>	<u>11,195,455</u>	<u>11,346,122</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property taxes	<u>127,120</u>	<u>788,320</u>	<u>915,440</u>	<u>-</u>	<u>915,440</u>
Total Deferred Inflows of Resources	<u>127,120</u>	<u>788,320</u>	<u>915,440</u>	<u>-</u>	<u>915,440</u>
<b>FUND BALANCES/NET POSITION</b>					
Fund Balances:					
Restricted:					
Emergencies	3,228	-	3,228	(3,228)	-
Debt service	-	1,540,401	1,540,401	(1,540,401)	-
Unassigned	<u>23,180</u>	<u>-</u>	<u>23,180</u>	<u>(23,180)</u>	<u>-</u>
Total Fund Balances	<u>26,408</u>	<u>1,540,401</u>	<u>1,566,809</u>	<u>(1,566,809)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 304,195</u>	<u>\$ 2,328,721</u>	<u>\$ 2,632,916</u>		
Net Position:					
Restricted for:					
Emergencies				3,228	3,228
Debt service				1,040,730	1,040,730
Unrestricted				<u>(2,070,510)</u>	<u>(2,070,510)</u>
Total Net Position				<u>\$ (1,026,552)</u>	<u>\$ (1,026,552)</u>

The notes to the financial statements are an integral part of these statements.

## Meadowlark Metropolitan District

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>					
Accounting and audit	\$ 8,086	\$ -	\$ 8,086	\$ -	\$ 8,086
Insurance	3,047	-	3,047	-	3,047
Legal	9,149	-	9,149	-	9,149
Management fees	9,900	-	9,900	-	9,900
Miscellaneous expenses	35,714	-	35,714	-	35,714
Treasurer's fees	1,826	11,301	13,127	-	13,127
Bond principal	-	40,000	40,000	(40,000)	-
Bond interest expense	-	422,394	422,394	118,765	541,159
Trustee fees	-	7,000	7,000	-	7,000
Transfer to Town	64,493	-	64,493	-	64,493
Interest on developer advances	-	-	-	66,835	66,835
Total Expenditures	<u>132,215</u>	<u>480,695</u>	<u>612,910</u>	<u>145,600</u>	<u>758,510</u>
<b>GENERAL REVENUES</b>					
Property taxes	121,710	754,871	876,581	-	876,581
Specific ownership taxes	9,098	56,432	65,530	-	65,530
Interest Income	13,810	67,664	81,474	-	81,474
Total General Revenues	<u>144,618</u>	<u>878,967</u>	<u>1,023,585</u>	<u>-</u>	<u>1,023,585</u>
<b>NET CHANGES IN FUND BALANCES</b>	12,403	398,272	410,675	(410,675)	
<b>CHANGE IN NET POSITION</b>				265,075	265,075
<b>FUND BALANCES/NET POSITION:</b>					
BEGINNING OF YEAR	14,005	1,142,129	1,156,134	(2,447,761)	(1,291,627)
END OF YEAR	<u>\$ 26,408</u>	<u>\$ 1,540,401</u>	<u>\$ 1,566,809</u>	<u>\$ (2,593,361)</u>	<u>\$ (1,026,552)</u>

The notes to the financial statements are an integral part of these statements.

## Meadowlark Metropolitan District

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 60,737	\$ 60,855	\$ 118
Specific ownership taxes	4,859	4,549	(310)
Property Taxes - Town	60,737	60,855	118
Specific Ownership Taxes - Town	4,859	4,549	(310)
Interest Income	-	13,810	13,810
Total Revenues	131,192	144,618	13,426
<b>EXPENDITURES</b>			
Accounting and audit	10,000	8,086	1,914
Insurance	3,500	3,047	453
Legal	10,000	9,149	851
Management fees	10,000	9,900	100
Miscellaneous expenses	2,000	35,714	(33,714)
Transfer to Town	64,685	64,493	192
Treasurer's fees	911	913	(2)
Treasurer's fees - Town	911	913	(2)
Contingency	26,182	-	26,182
Emergency reserve	3,060	-	3,060
Total Expenditures	131,249	132,215	(966)
<b>NET CHANGE IN FUND BALANCE</b>	(57)	12,403	12,460
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	57	14,005	13,948
END OF YEAR	\$ -	\$ 26,408	\$ 26,408

The notes to the financial statements are an integral part of these statements.

# MEADOWLARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

### Note 1: Summary of Significant Accounting Policies

The accounting policies of Meadowlark Metropolitan District (“the District”), located within the in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized on April 10, 2019, as a quasi-municipal corporation and a political subdivision of the State of Colorado pursuant to the Special District Act. The District was established for the purpose of providing public improvements and services for the benefit of the inhabitants and taxpayers of the District. The District is authorized to finance the construction of these public improvements and provide for ongoing operations and maintenance services of the public improvements that are not otherwise dedicated to another public entity. The District's primary revenues are bond proceeds, and property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

#### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

# MEADOWLARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

# MEADOWLARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

### Budgetary Accounting

Budgets are adopted on a GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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. The appropriation is at the total fund expenditures level and lapses at year end.

### Assets, Liabilities, Deferred Inflows/Inflows of Resources and Net Position

#### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

#### Deposits and Investments

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

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 minimum number of bank accounts. 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.

#### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# MEADOWLARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 financial 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 inflows of resources in the period that the amounts become available.

### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. 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. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

### Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

# MEADOWLARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when 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 Statement of Net Position.

### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$3,228 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,540,401 is restricted for the payment of the debt service costs associated with the Series 2020A Bonds (see Note 4).

### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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.

MEADOWLARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

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

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 or 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 net position first.

Note 2: Cash and Investments

As of December 31, 2024, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 173,031
Cash and investments - Restricted	\$ <u>1,538,571</u>
Total	\$ <u>1,711,602</u>

MEADOWLARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Cash and investments as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 12,112
Investments – COLOTRUST	<u>1,699,490</u>
	\$ <u>1,711,602</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value (NAV) per share.

Credit Risk

The District’s investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

MEADOWLARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2024, the District had the following investments:

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 ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2024, the District had \$1,699,490 invested in COLOTRUST.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>1/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2024</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$8,602,094	\$ -	\$ -	\$ 8,602,094
Total capital assets not being depreciated	<u>8,602,094</u>	<u>-</u>	<u>-</u>	<u>8,602,094</u>
Government type assets, net	<u>\$8,602,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,602,094</u>

MEADOWLARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2024, is as follows:

\$8,395,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020A and \$1,214,000 Subordinate General Obligation Limited Tax Bonds, Series 2020B

On August 6, 2020, the District issued \$8,395,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020A (“Series 2020A Bonds”), and \$1,214,000 of Subordinate General Obligation Limited Tax Bonds, Series 2020B (“Series 2020B Bonds”, collectively with the Series 2020A Bonds, the “Bonds”), for the purpose of funding the costs of public improvements for the benefit of the District and, in the case of the Series 2020A Bonds only, fund a portion of the initial interest to accrue on the Series 2020A Bonds, fund a debt service reserve fund that secures the Series 2020A Bonds and pay the costs of issuing the Bonds, The Series 2020A Bonds bear interest at the rates ranging from 4.875% to 5.125%, payable semiannually on each June 1 and December 1, commencing on December 1, 2020, and maturing on December 1, 2050. The Series 2020B Bonds bear interest at the rate of 7.625%, payable annually on December 15, commencing on December 15, 2020, to the extent that Pledged Revenue is available, and discharge on December 15, 2059.

The Series 2020A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2024, and 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, commencing on December 1, 2025, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2020B 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, commencing on September 1, 2025, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2020B Bonds are also subject to mandatory redemption from Subordinate Pledged Revenue, if any, on deposit in the Subordinate Bond Fund.

The Series 2020A Bonds are secured by the Senior Pledged Revenue, and any other legally available moneys as determined by the District. The Series 2020A Bonds are also secured by the Senior Reserve Fund and the Senior Surplus Fund. The Series 2020B Bonds are secured by the Subordinate Pledged Revenue, and any other legally available moneys as determined by the District.

MEADOWLARK METROPOLITAN DISTRICT

Notes to Financial Statements  
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Events of Default as defined in the Series 2020 Bond Indentures are (a) Before the Unlimited Tax Receipt Date, the District fails or refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by the Senior Indenture or The District fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Subordinate Indenture; (b) On and after the Unlimited Tax Receipt Date, the District fails to pay the principal of, premium, if any, or interest on the Series 2020A Bonds when due; (c) The District defaults in the performance or observance of any of the covenants, agreements or conditions on the part of the District in the Indentures or the Authorizing Resolution, other than as described in (a) or (b) above, and fails to remedy the same after notice thereof pursuant as provided in the Indentures; or (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2020A Bonds. Failure to pay the principal of or interest on the Series 2020B Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Bonds is not an available remedy for an Event of Default.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2020A Bonds. Due to the uncertainty of the timing of the principal and interest payment on the Series 2020B Bonds, no schedule of principal and interest payments is presented.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 95,000	\$ 420,444	\$ 515,444
2026	110,000	415,813	525,813
2027	115,000	410,450	525,450
2028	130,000	404,844	534,844
2029	140,000	398,506	538,506
2030-2034	895,000	1,877,969	2,772,969
2035-2039	1,295,000	1,623,006	2,918,006
2040-2044	1,820,000	1,253,544	3,073,544
2045-2049	2,495,000	722,625	3,217,625
2050	1,260,000	64,574	1,324,574
	<u>\$ 8,355,000</u>	<u>\$ 7,591,775</u>	<u>\$ 15,946,775</u>

MEADOWLARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

The following is an analysis of changes in long-term debt for the year ending December 31, 2024:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Current Portion
<b>General Obligation Bonds</b>					
Series 2020A Bonds	\$ 8,395,000	\$ -	\$ 40,000	\$ 8,355,000	\$ 95,000
Series 2020B Bonds	1,214,000	-	-	1,214,000	-
<b>Direct Borrowing</b>					
Developer advance	833,150	-	-	833,150	-
Developer advance interest	226,799	66,835	-	293,634	-
<b>Total</b>	<b><u>\$10,668,949</u></b>	<b><u>\$ 66,835</u></b>	<b><u>\$ 40,000</u></b>	<b><u>\$10,695,784</u></b>	<b><u>\$ 95,000</u></b>

Debt Authorization

The limit on the District’s ability to issue Debt is set forth in its Amended and Restated Service Plan as \$26,818,750 (the “Service Plan Debt Issuance Limit”).

On November 6, 2018, a majority of the eligible electors of the District voted to authorize debt issuance by power (such as water, sewer, or streets). As the actual costs of construction were not known, it was not possible at the time of the election to allocate the Service Plan Debt Issuance Limit by power, therefore, the limit of \$12,949,560 was voted in every power resulting in the District having voter authorization in excess of the Service Plan Debt Issuance Limit.

With that understanding, as of December 31, 2024, the District had remaining voted debt authorization in the aggregate amount of \$17,209,750. However, in no event is the District authorized to issue Debt that results in an amount that is in excess of the Service Plan Debt Issuance Limit.

Note 5: Other Agreements

Operations Funding Agreement

The District and Meritage Homes of Colorado, Inc. (“Developer”) entered into an Operation Funding Agreement (“OFA”) dated as of June 12, 2019, with an effective date of April 10, 2019 as amended by that First Amendment, dated October 28, 2019, that Second Amendment dated October 26, 2020 and that Third Amendment dated October 25, 2021. Pursuant to which the Developer agreed to advance funds for the operation of the District through 2022 up to a maximum amount of \$100,000. Such advances are to incur simple interest at the rate not of 8% per annum.

# MEADOWLARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

The OFA states that the District agrees that it is its intention to repay the amounts the Developer has advanced or directly paid pursuant to the agreement, to the extent it has funds available from the imposition of its taxes, fees, rates, tolls, penalties and charges, and from any other revenue legally available, after the payment of its annual debt service obligations and annual operations, maintenance and administrative expenses, which repayment is subject to annual budget and appropriation. The District's obligation to pay any Developer advances does not constitute a multiple fiscal year financial obligation, and the making of any reimbursement thereof is subject to annual appropriation by the District in its absolute discretion.

### Facilities Funding and Acquisition Agreement.

The District and the Developer entered into a Facilities Funding and Acquisition Agreement, dated as of June 12, 2019, with an effective date of April 10, 2019, pursuant to which the Developer agrees to advance funds to or for the benefit of the District for organizational expenses and certain expenses related to the provision of capital improvements through fiscal year 2024 up to a maximum amount of \$12,949,560, which amounts the District agrees to reimburse to the Developer, with simple interest thereon at the rate of 8% per annum until paid, subject to the conditions precedent and otherwise in accordance with the procedures set forth in the agreement. The parties agree that no payment is required of the District under the agreement unless and until the District issues bonds in an amount sufficient to reimburse the Developer for all or a portion of such amounts. The District also agrees to utilize any available moneys not otherwise pledged to payment of bonds, used for operation and maintenance expenses or otherwise encumbered to reimburse the Developer. The agreement terminates on December 31, 2059, unless terminated earlier by the parties. In the event the District has not reimbursed the Developer for any advances made pursuant to the agreement on or before December 31, 2059, any amount of principal and accrued interest outstanding on such date will be deemed to be forever discharged and satisfied in full.

### Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

# MEADOWLARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

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 6, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable, developer notes and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

MEADOWLARK METROPOLITAN DISTRICT

Notes to Financial Statements  
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The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as other financing sources, however they are reported as a liability in the Statement of Net Position; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

## Meadowlark Metropolitan District

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2024

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 753,400	\$ 754,871	\$ 1,471
Specific ownership taxes	60,272	56,432	(3,840)
Interest Income	500	67,664	67,164
Total Revenues	814,172	878,967	64,795
<b>EXPENDITURES</b>			
Bond principal	40,000	40,000	-
Bond interest expense	422,394	422,394	-
Trustee fees	7,000	7,000	-
Treasurer's fees	11,301	11,301	-
Total Expenditures	480,695	480,695	-
<b>NET CHANGE IN FUND BALANCE</b>	333,477	398,272	64,795
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	1,123,165	1,142,129	18,964
END OF YEAR	\$ 1,456,642	\$ 1,540,401	\$ 83,759

The notes to the financial statements are an integral part of these statements.

## Meadowlark Metropolitan District

### SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED December 31, 2024

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2019	\$ -	0.000	0.000	\$ -	\$ -	N/A
2020	\$ 2,103,310	5.000	47.347	\$ 110,102	\$ 110,103	100.00%
2021	\$ 2,658,130	10.068	62.432	\$ 192,714	\$ 192,714	100.00%
2022	\$ 4,383,730	10.068	62.432	\$ 317,820	\$ 317,822	100.00%
2023	\$ 7,069,400	10.244	63.529	\$ 521,531	\$ 521,532	100.00%
2024	\$ 10,636,880	11.420	70.829	\$ 874,873	\$ 876,581	100.20%
Estimated for year ending December 31, 2025	\$ 11,096,380	11.456	71.043	\$ 915,440		

**NOTE**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.