

**MEADOWBROOK CROSSING
METROPOLITAN DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

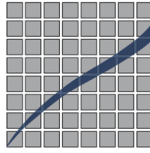
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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Meadowbrook Crossing Metropolitan District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Meadowbrook Crossing Metropolitan District ("District"), as of and for the year ended December 31, 2023, 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 District as of December 31, 2023, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Supplementary 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 which 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.

Supplementary 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 supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is 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. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 23, 2024

BASIC FINANCIAL STATEMENTS

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

| | Governmental Activities |
|--------------------------------------|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 35,521 |
| Cash and Investments - Restricted | 361,540 |
| Accounts Receivable | 1,621 |
| Due from Creekwalk Marketplace BID | 70 |
| Receivable from County Treasurer | 1,682 |
| Property Tax Receivable | 282,424 |
| Capital Assets: | |
| Capital Assets Net of Depreciation | 474,333 |
| Total Assets | 1,157,191 |
| LIABILITIES | |
| Accounts Payable | 43,474 |
| Accrued Bond Interest Payable | 14,677 |
| Noncurrent Liabilities: | |
| Due Within One Year | 20,000 |
| Due in More Than One Year | 4,418,266 |
| Total Liabilities | 4,496,417 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenue | 282,424 |
| Total Deferred Inflows of Resources | 282,424 |
| NET POSITION | |
| Net Investment in Capital Assets | (171,641) |
| Restricted for: | |
| Emergency Reserve | 3,200 |
| Debt Service | 345,065 |
| Unrestricted | (3,798,274) |
| Total Net Position | \$ (3,621,650) |

See accompanying Notes to Basic Financial Statements.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| | | Program Revenues | | | Net Revenues (Expenses) and Changes in Net Position |
|---|----------------------------|--|--|----------------------------|--|
| Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | |
| FUNCTIONS/PROGRAMS | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 207,750 | \$ 66,820 | \$ - | \$ - | \$ (140,930) |
| Interest on Long-Term Debt and Related Costs | 249,966 | - | - | - | (249,966) |
| Total Governmental Activities | \$ 457,716 | \$ 66,820 | \$ - | \$ - | (390,896) |
| GENERAL REVENUES | | | | | |
| Property Taxes | | | | | 208,883 |
| Specific Ownership Taxes | | | | | 21,884 |
| Investment Income | | | | | 18,403 |
| Total General Revenues and Transfers | | | | | 249,170 |
| CHANGES IN NET POSITION | | | | | (141,726) |
| Net Position - Beginning of Year | | | | | (3,479,924) |
| NET POSITION - END OF YEAR | | | | | \$ (3,621,650) |

See accompanying Notes to Basic Financial Statements.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

| | General | Debt Service | Total Governmental Funds |
|--|---------------|-----------------|--------------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 35,521 | \$ - | \$ 35,521 |
| Cash and Investments - Restricted | 3,200 | 358,340 | 361,540 |
| Receivable from County Treasurer | 280 | 1,402 | 1,682 |
| Accounts Receivable | 1,621 | - | 1,621 |
| Due from Creekwalk Marketplace BID | 70 | - | 70 |
| Property Tax Receivable | 47,069 | 235,355 | 282,424 |
| Total Assets | \$ 87,761 | \$ 595,097 | \$ 682,858 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 43,474 | \$ - | \$ 43,474 |
| Total Liabilities | 43,474 | - | 43,474 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Property Tax | 47,069 | 235,355 | 282,424 |
| Total Deferred Inflows of Resources | 47,069 | 235,355 | 282,424 |
| FUND BALANCES | | | |
| Restricted for: | | | |
| Emergency Reserves | 3,200 | - | 3,200 |
| Debt Service | - | 359,742 | 359,742 |
| Committed: | | | |
| Operations | - | - | - |
| Unassigned | (5,982) | - | (5,982) |
| Total Fund Balances | (2,782) | 359,742 | 356,960 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 87,761 | \$ 595,097 | |

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

| | |
|--|----------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 474,333 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Bonds Payable | (3,849,000) |
| Accrued Bond Interest Payable | (162,820) |
| Developer Advance Payable | (356,011) |
| Accrued Developer Advance Interest Payable | (85,112) |
| | (3,621,650) |
| Net Position of Governmental Activities | \$ (3,621,650) |

See accompanying Notes to Basic Financial Statements.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

| | General | Debt Service | Total Governmental Funds |
|---|-------------------|-------------------|--------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 34,811 | \$ 174,072 | \$ 208,883 |
| Specific Ownership Taxes | 3,647 | 18,237 | 21,884 |
| Operations and Maintenance Fee | 66,820 | - | 66,820 |
| Investment Income | 215 | 18,188 | 18,403 |
| Total Revenues | <u>105,493</u> | <u>210,497</u> | <u>315,990</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Accounting | 24,830 | - | 24,830 |
| Auditing | 4,625 | - | 4,625 |
| Banking Fees | 80 | - | 80 |
| Billing | 14,829 | - | 14,829 |
| County Treasurer's Fee | 525 | 2,627 | 3,152 |
| Covenant Enforcement | 21,585 | - | 21,585 |
| District Management | 39,387 | - | 39,387 |
| Dues and Membership | 347 | - | 347 |
| Electricity | 201 | - | 201 |
| Insurance | 4,543 | - | 4,543 |
| Landscaping | 18,149 | - | 18,149 |
| Legal | 6,457 | - | 6,457 |
| Miscellaneous | 315 | - | 315 |
| Testing and Inspections | 2,054 | - | 2,054 |
| Repairs and Maintenance | 557 | - | 557 |
| Safety | 183 | - | 183 |
| Snow Removal | 3,169 | - | 3,169 |
| Trash Collection | 18,639 | - | 18,639 |
| Utilities | 3 | - | 3 |
| Water | 5,863 | - | 5,863 |
| Water - Non Utilities | 385 | - | 385 |
| Website | 900 | - | 900 |
| Debt Service: | | | |
| Bond Interest | - | 176,137 | 176,137 |
| Paying Agent Fees | - | 7,000 | 7,000 |
| Total Expenditures | <u>167,626</u> | <u>185,764</u> | <u>353,390</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (62,133) | 24,733 | (37,400) |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advance | 88,500 | - | 88,500 |
| Total Other Financing Sources | <u>88,500</u> | <u>-</u> | <u>88,500</u> |
| NET CHANGE IN FUND BALANCES | 26,367 | 24,733 | 51,100 |
| Fund Balances (Deficits) - Beginning of Year | <u>(29,149)</u> | <u>335,009</u> | <u>305,860</u> |
| FUND BALANCES (DEFICITS) - END OF YEAR | <u>\$ (2,782)</u> | <u>\$ 359,742</u> | <u>\$ 356,960</u> |

See accompanying Notes to Basic Financial Statements.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 51,100

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Depreciation Expense (33,124)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Developer Advance (88,500)

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.

Accrued Bond Interest Payable (46,187)

Accrued Developer Advance Interest Payable (25,015)

Changes in Net Position of Governmental Activities \$ (141,726)

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|-------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 34,813 | \$ 34,811 | \$ (2) |
| Specific Ownership Taxes | 3,481 | 3,647 | 166 |
| Operations and Maintenance Fee | 69,600 | 66,820 | (2,780) |
| Investment Income | - | 215 | 215 |
| Other Revenue | 1,000 | - | (1,000) |
| Impact Fees | 21,000 | - | (21,000) |
| Design Review Fees | 2,500 | - | (2,500) |
| Total Revenues | <u>132,394</u> | <u>105,493</u> | <u>(26,901)</u> |
| EXPENDITURES | | | |
| Accounting | 31,050 | 24,830 | 6,220 |
| Auditing | 5,000 | 4,625 | 375 |
| Banking Fees | 150 | 80 | 70 |
| Billing | 13,800 | 14,829 | (1,029) |
| Contingency | 600 | - | 600 |
| County Treasurer's Fee | 522 | 525 | (3) |
| Covenant Enforcement | 16,000 | 21,585 | (5,585) |
| Directors' Fees | 2,000 | - | 2,000 |
| District Management | 34,000 | 39,387 | (5,387) |
| Dues and Membership | 500 | 347 | 153 |
| Election | 5,000 | - | 5,000 |
| Electricity | 500 | 201 | 299 |
| Insurance | 5,000 | 4,543 | 457 |
| Landscaping | 35,000 | 18,149 | 16,851 |
| Legal | 5,500 | 6,457 | (957) |
| Miscellaneous | 1,125 | 315 | 810 |
| Payroll Taxes | 153 | - | 153 |
| Repairs and Maintenance | 11,000 | 557 | 10,443 |
| Safety | - | 183 | (183) |
| Snow Removal | 6,000 | 3,169 | 2,831 |
| Testing and Inspections | 2,100 | 2,054 | 46 |
| Trash Collection | 20,000 | 18,639 | 1,361 |
| Utilities | - | 3 | (3) |
| Water | - | 5,863 | (5,863) |
| Water - Non Utilities | 11,000 | 385 | 10,615 |
| Website | - | 900 | (900) |
| Total Expenditures | <u>206,000</u> | <u>167,626</u> | <u>38,374</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (73,606) | (62,133) | 11,473 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advance | 71,870 | 88,500 | 16,630 |
| Total Other Financing Sources | <u>71,870</u> | <u>88,500</u> | <u>16,630</u> |
| NET CHANGE IN FUND BALANCE | (1,736) | 26,367 | 28,103 |
| Fund Balance (Deficit) - Beginning of Year | <u>2,938</u> | <u>(29,149)</u> | <u>(32,087)</u> |
| FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ 1,202</u> | <u>\$ (2,782)</u> | <u>\$ (3,984)</u> |

See accompanying Notes to Basic Financial Statements.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Meadowbrook Crossing Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for the County of El Paso County, Colorado on November 23, 2016, 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 County of El Paso on August 11, 2016, and as amended on August 24, 2017. The District's service area is located entirely within El Paso County, Colorado.

The District was established to provide financing for the design, acquisition, installation, construction, and completion of public improvements and services, including streets, transportation, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translators, and mosquito and pest control services.

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 government entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities. While budgeted in 2023, there was no activity.

Budgets

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

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Property Taxes

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

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

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 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress, and are not being depreciated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District, are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expenses have been computed using the straight-line method over the estimated economic useful lives:

| | |
|----------------------|----------|
| Parks and Recreation | 20 Years |
| Landscaping, Fence | 15 Years |

Impact Fees

The District assesses and charges an impact fee to builders and homeowners to finance the cost of public infrastructure and the operations and maintenance of drainage facilities, public areas, trash removal, and covenant enforcement. The impact fees apply as follows: a) a one-time builder fee of up to two thousand five hundred dollars (\$2,500) per platted single family residential lot, b) a one-time homeowner impact fee of one thousand seven hundred and fifty dollars (\$1,750) per single family residential unit, c) a quarterly fee of up to one hundred and twenty five dollars (\$125) per single family residential unit, and d) a one-time commercial fee to be assessed at time of permit.

On June 28, 2023, the Board of Directors of Meadowbrook Crossing Metropolitan District approved a resolution to amend the annual single-family residential fee. The fee has been increased from \$500.00 to \$600.00, payable quarterly at \$150.00 per quarter.

Deferred Inflow of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

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

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

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2024.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|-----------------------------------|--------------------------|
| Cash and Investments | \$ 35,521 |
| Cash and Investments - Restricted | <u>361,540</u> |
| Total Cash and Investments | <u><u>\$ 397,061</u></u> |

Cash and investments as of December 31, 2023, consist of the following:

| | |
|--------------------------------------|--------------------------|
| Deposits with Financial Institutions | \$ 40,311 |
| Investments | <u>356,750</u> |
| Total Cash and Investments | <u><u>\$ 397,061</u></u> |

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District's cash deposits had a bank balance of \$40,311.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2023, the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|--|-----------------------------------|---------------|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted-Average Under 60 Days | \$ 356,750 |

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the District’s capital assets for the year ended December 31, 2023:

| | Balance at December 31, 2022 | Increases | Decreases | Balance at December 31, 2023 |
|---|------------------------------------|-----------------|-----------|------------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Being Depreciated: | | | | |
| Parks and Recreation | \$ 282,484 | \$ - | \$ - | \$ 282,484 |
| Landscaping, Fence, Mail Boxes | 285,000 | - | - | 285,000 |
| Total Capital Assets, Being Depreciated | 567,484 | - | - | 567,484 |
| Less Accumulated Depreciation for: | | | | |
| Parks and Recreation | (60,027) | (14,124) | - | (74,151) |
| Landscaping, Fence, Mail Boxes | - | (19,000) | - | (19,000) |
| Total Accumulated Depreciation | (60,027) | (33,124) | - | (93,151) |
| Total Capital Assets, Being Depreciated, Net | 507,457 | (33,124) | - | 474,333 |
| Governmental Activities Capital Assets, Net | \$ 507,457 | \$ (33,124) | \$ - | \$ 474,333 |

On December 31, 2023, depreciation expense was charged to the general government function of the District in the amount of \$33,124.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

The costs of all capital assets transferred to the other governmental entities were removed from the District's financial records. There is a two-year warranty period on the capital assets conveyed. The District anticipates that the costs associated with the warrant, if any, will be insignificant, and these costs are normally paid by the subcontractors that constructed the agreement.

Depreciation expense was charged to the general government function of:

Governmental Activities:

| | |
|--|---------------------------|
| General Government | <u>\$ (33,124)</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ (33,124)</u></u> |

NOTE 5 LONG-TERM OBLIGATIONS

The District's outstanding long-term obligations on December 31, 2023 were as follows:

| | Balance at December 31, 2022 | Additions | Reductions | Balance at December 31, 2023 | Due Within One Year |
|----------------------------------|------------------------------------|------------------------------|------------------------|------------------------------------|-----------------------------|
| Bonds Payable: | | | | | |
| General Obligation Bonds: | | | | | |
| Series 2020A | \$ 3,355,000 | \$ - | \$ - | \$ 3,355,000 | \$ 20,000 |
| Series 2020B | 494,000 | - | - | 494,000 | - |
| Accrued Interest on: | | | | | |
| Accrued Interest - Series 2020B | <u>101,956</u> | <u>46,187</u> | - | <u>148,143</u> | - |
| Subtotal Bonds Payable | <u>3,950,956</u> | <u>46,187</u> | - | <u>3,997,143</u> | <u>20,000</u> |
| Other Debts: | | | | | |
| Developer Advance - Operating GF | 249,459 | 88,500 | - | 337,959 | - |
| Accrued Interest on: | | | | | |
| Developer Advance Operating GF | 56,243 | 23,571 | - | 79,814 | - |
| Developer Advance - Capital | 18,052 | - | - | 18,052 | - |
| Accrued Interest on: | | | | | |
| Developer Advance Capital | <u>3,854</u> | <u>1,444</u> | - | <u>5,298</u> | - |
| Subtotal Other Debts | <u>327,608</u> | <u>113,515</u> | - | <u>441,123</u> | - |
| Total Long-Term Obligations | <u><u>\$ 4,278,564</u></u> | <u><u>\$ 159,702</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 4,438,266</u></u> | <u><u>\$ 20,000</u></u> |

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's general obligation bonds outstanding during 2023 are as follows:

General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2020A (the Senior Bonds) and **Subordinate General Obligation Limited Tax Refunding Bonds, Series 2020B** (the Subordinate Bonds, and together with the Senior Bonds, the Bonds)

Bond Proceeds

The District issued the Bonds on June 25, 2020, in the par amounts of \$3,355,000 for the Senior Bonds and \$494,000 for the Subordinate Bonds.

The proceeds of the Senior Bonds were used to: (i) refund a portion of the District's General Obligation Limited Tax Capital Appreciation Bonds, Series 2018 (the 2018 Bonds) originally issued in the aggregate principal amount of \$3,097,728 and outstanding, when refunded, in the aggregate principal amount of \$3,730,000; (ii) fund the Reserve Fund; (iii) fund capitalized interest on the Senior Bonds; and (iv) pay other costs of issuing the Bonds and of refunding the 2018 Bonds. Proceeds of the Subordinate Bonds were used to: (i) refund a portion of the 2018 Bonds; and (ii) pay certain other costs of issuance of the Subordinate Bonds.

Senior Bonds Details

The Senior Bonds bear interest at 5.250% per annum and are payable semiannually on June 1 and December 1, beginning on December 1, 2020, to the extent of available Senior Pledged Revenue. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Senior Bonds mature on December 1, 2049.

To the extent principal of any Senior Bonds is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the Senior Bonds. To the extent interest on any Senior Bonds is not paid when due, such interest shall compound on each interest payment date at the rate then borne by the Senior Bonds.

Senior Bonds Optional Redemption

The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|-------------------------------|---------------------------|
| June 1, 2025, to May 31, 2026 | 3.00% |
| June 1, 2026, to May 31, 2027 | 2.00 |
| June 1, 2027, to May 31, 2028 | 1.00 |
| June 1, 2028, and thereafter | 0.00 |

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Pledged Revenue

The Senior Bonds are secured by and payable from Senior Pledged Revenue, which means the moneys derived by the District from the following sources: (a) the Senior Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Senior Required Mill Levy

Prior to the Conversion Date, the District is required to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount sufficient pay the Senior Bonds when due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after January 1, 2016), and (ii) for so long as the Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 50 mills (subject to adjustment), or such lesser mill levy which will pay the Senior Bonds when due and will fund the Surplus Fund up to the Maximum Surplus Amount. The Senior Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

On and after the Conversion Date, the Senior Required Mill Levy is to be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Senior Bonds when due, without limitation of rate and in amounts sufficient to make such payments when due. On and after the Conversion Date, the definition of "Required Mill Levy" thereafter shall be determined exclusively by this paragraph regardless of any subsequent increase in the Senior Debt to Assessed Ratio.

The Conversion Date is the first date on which all of the following conditions are met: (a) the Senior Debt to Assessed Ratio is 50% or less; (b) no amounts of principal or interest on the Senior Bonds are due but unpaid; (c) the amount of the Reserve Fund is not less than the Required Reserve; and (d) consent of the El Paso Board of County Commissioners regarding the conversion to an unlimited debt service mill levy has been provided to the District, as evidenced by a resolution provided by such Board.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Additional Security for Senior Bonds

The Senior Bonds are additionally secured by capitalized interest which was funded from proceeds of the Senior Bonds in the amount of \$50,000, by the Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Required Reserve of \$274,638, and by amounts, if any, in the Surplus Fund. The balances in the capitalized interest account and the Reserve Fund on December 31, 2023, are \$-0- and \$278,278, respectively.

Subject to the receipt of sufficient Senior Pledged Revenue, the Reserve Fund shall be maintained in the amount of the Required Reserve for so long as any Senior Bonds are outstanding.

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$335,500. The Surplus Fund is to be terminated on the Conversion Date and any moneys therein applied to the payment of the Subordinate Bonds and thereafter, to any legal purpose of the District. The balance in the Surplus Fund as of December 31, 2023, is \$78,460.

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 7.750% per annum and are payable annually on December 15, beginning December 15, 2020, from, and to the extent of, available Subordinate Pledged Revenue, if any, and mature on December 15, 2049. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

In the event that any amount of principal or interest on the Subordinate Bonds remains unpaid on December 16, 2060, the Subordinate Bonds will be deemed discharged.

Subordinate Bonds Optional Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|-------------------------------|---------------------------|
| June 1, 2025, to May 31, 2026 | 3.00% |
| June 1, 2026, to May 31, 2027 | 2.00 |
| June 1, 2027, to May 31, 2028 | 1.00 |
| June 1, 2028, and thereafter | 0.00 |

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which means the moneys derived by the District from the following sources: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax resulting from the Subordinate Required Mill Levy; (c) the amounts, if any, in the Surplus Fund released to the District pursuant to the Senior Indenture; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Subordinate Required Mill Levy

The District is required to impose a Subordinate Required Mill Levy in the amount of (i) 50 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after January 1, 2016) less the Senior Bond Mill Levy, or such lesser mill levy which will pay all of the principal of and interest on the Subordinate Bonds in full. The Subordinate Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. The Senior Bond Mill Levy means the mill levy required to be used in connection with any Senior Bonds.

The outstanding principal and interest of the Senior Bonds are due as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|---------------------|---------------------|---------------------|
| 2024 | \$ 20,000 | \$ 176,137 | \$ 196,137 |
| 2025 | 40,000 | 175,088 | 215,088 |
| 2026 | 45,000 | 172,988 | 217,988 |
| 2027 | 50,000 | 170,625 | 220,625 |
| 2028 | 55,000 | 168,000 | 223,000 |
| 2029-2033 | 345,000 | 792,488 | 1,137,488 |
| 2034-2038 | 520,000 | 684,338 | 1,204,338 |
| 2039-2043 | 735,000 | 526,576 | 1,261,576 |
| 2044-2048 | 1,025,000 | 305,024 | 1,330,024 |
| 2049 | 520,000 | 27,300 | 547,300 |
| Total | <u>\$ 3,355,000</u> | <u>\$ 3,198,564</u> | <u>\$ 6,553,564</u> |

The annual debt service requirements of the Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default and Remedies on Occurrence of Event of Default for the Senior Bonds

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

- Before the Unlimited Tax Receipt Date, the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by this Indenture.
- On and after the Unlimited Tax Receipt Date, the District fails to pay the principal of, premium if any, or interest on the Bonds when due.
- The issuer fails to observe or perform any covenant and agreement on its part under the indenture.
- The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

The Unlimited Tax Receipt Date is the first date on which all the following conditions are met:

- The Senior Debt to Assessed Ratio is 50% or less;
- No amounts of principal or interest on the bonds are due but unpaid;
- The amount of the Reserve Fund is not less than the Required Reserve; and
- Consent of the El Paso Board of County Commissioners regarding the conversion to the unlimited debt service mill levy has been provided to the District, as evidenced by a resolution provided by such Board.

It is acknowledged that due to the limited nature of the Pledged Revenue, prior to the Unlimited Tax Receipt Date the failure to pay the principal of or interest on the Senior Bonds when due shall not, of itself, constitute an Event of Default hereunder.

Upon the occurrence and continuance of an Event of Default, the trustee shall have the following rights:

- (i) **Trustee's Right to Receiver:** The trustee shall be entitled as the right to the appointment of a receiver ex parte upon prior written notice to the issuer.
- (ii) **Legal Proceedings by Trustee:** The trustee in its discretion may, and upon the written request of the majority interest and receipt of indemnity of its satisfaction, shall, in its own name:
 - a. By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Issuer to enforce any rights under this Indenture, the Cooperation Agreement, and to require the Issuer to carry out any other provisions of this Indenture for the benefit of the Bondholders; and
 - b. By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default and Remedies on Occurrence of Event of Default for the Subordinate Bonds

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

- Failure to Impose or Apply Subordinate Required Mill Levy
- Default in Performance
- Bankruptcy Filing

Upon the occurrence and continuance of an Event of Default, the trustee shall have the following rights:

- Receivership
- Suit for Judgement
- Mandamus or Other Suit

No Acceleration

Except as may be provided in the supplemental indenture applicable to all series of the Bonds outstanding hereunder, there shall be no rights of acceleration with respect to the Bonds.

As of December 31, 2023, the District was not in default.

Authorized Debt

On November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$70,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2023, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Amount Authorized November 8, 2016 Election | Authorization Used | | Authorized but Unused |
|----------------------|--|----------------------|----------------------|-----------------------------|
| | | Series 2018 Bonds | Series 2020 Bonds | |
| Water | \$ 10,000,000 | \$ 635,256 | \$ - | \$ 9,364,744 |
| Street | 10,000,000 | 1,288,070 | - | 8,711,930 |
| Sanitation | 10,000,000 | 1,424,346 | - | 8,575,654 |
| Parks and Recreation | 10,000,000 | 372,692 | - | 9,627,308 |
| Mosquito Control | 10,000,000 | - | - | 10,000,000 |
| Safety Protection | 10,000,000 | 9,636 | - | 9,990,364 |
| Debt Refunding | 10,000,000 | - | 494,000 | 9,506,000 |
| Total | <u>\$ 70,000,000</u> | <u>\$ 3,730,000</u> | <u>\$ 494,000</u> | <u>\$ 65,776,000</u> |

As set forth in the District's 2017 Service Plan, the County has limited the amount of debt to be issued by the District to a total of \$10,000,000 without future approval by the County. The District may levy up to 50.000 mills for debt service and up to 10.000 mills for general operations and administrative expenses, subject to the Gallagher Adjustment.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

On August 30, 2017, the District entered into a Reimbursement Agreement (Agreement) with Meadowbrook Development LLC (Developer) wherein the District agrees to reimburse the Developer for advances made on behalf of the District, along with accrued interest of 8% beginning on the date of advance to the date of repayment.

As of December 31, 2023, outstanding advances under the Agreement totaled \$337,959, with accrued interest of \$79,814 for operations costs in the General Fund and \$18,052, with an accrued interest of \$5,298 for capital advances.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investments in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets calculated as follows:

| | Governmental Activities |
|---|----------------------------|
| Net Investment in Capital Assets: | |
| Capital Assets, Net | \$ 474,333 |
| Noncurrent Portion of Long Term Obligations | (645,974) |
| Net Investment in Capital Assets | \$ (171,641) |

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023, as follows:

| | Governmental Activities |
|-------------------------------|----------------------------|
| Restricted Net Position: | |
| Emergencies | \$ 3,200 |
| Debt Service Reserve | 345,065 |
| Total Restricted Net Position | \$ 348,265 |

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of Developer advances received for operations and bonds issued for public improvements, which a majority of which are anticipated to be conveyed to other governmental entities and which costs will be removed from the District's financial records.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Meadowbrook Development LLC. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 9 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). The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property liability and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

The District continues to carry commercial insurance coverage for other risks of loss including workers' compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 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. As of December 31, 2023, the District had provided for an Emergency Reserve.

On November 8, 2016, a majority of the District's electors passed an election question to increase the property taxes \$750,000 annually to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenues without regard to any limitations under TABOR.

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.

SUPPLEMENTARY INFORMATION

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|---------------------------------|--------------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 174,081 | \$ 174,072 | \$ (9) |
| Specific Ownership Taxes | 17,408 | 18,237 | 829 |
| Investment Income | 3,000 | 18,188 | 15,188 |
| Total Revenues | <u>194,489</u> | <u>210,497</u> | <u>16,008</u> |
| EXPENDITURES | | | |
| Banking Fees | 50 | - | 50 |
| County Treasurer's Fee | 2,611 | 2,627 | (16) |
| Paying Agent Fees | 7,000 | 7,000 | - |
| Bond Interest | 176,138 | 176,137 | 1 |
| Contingency | 4,201 | - | 4,201 |
| Total Expenditures | <u>190,000</u> | <u>185,764</u> | <u>4,236</u> |
| NET CHANGE IN FUND BALANCE | 4,489 | 24,733 | 20,244 |
| Fund Balance - Beginning of Year | <u>331,292</u> | <u>335,009</u> | <u>3,717</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ 335,781</u></u> | <u><u>\$ 359,742</u></u> | <u><u>\$ 23,961</u></u> |

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|-------------------|---|
| REVENUES | \$ - | \$ - | \$ - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | |
| Accounting | 5,000 | - | 5,000 |
| Legal | 5,000 | - | 5,000 |
| Capital Outlay | 500,000 | - | 500,000 |
| Tree/Plant Replacement | 15,000 | - | 15,000 |
| Total Expenditures | <u>525,000</u> | <u>-</u> | <u>525,000</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (525,000) | - | 525,000 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advance | 525,000 | - | (525,000) |
| Total Other Financing Sources (Uses) | <u>525,000</u> | <u>-</u> | <u>(525,000)</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| Fund Balance - Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

OTHER INFORMATION

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2023**

\$3,355,000 General Obligation
Limited Tax Convertible to Unlimited Tax Refunding Bonds
Dated June 25, 2020
Interest rate 5.250%
Principal Due December 1
Interest Payable June 1 and December 1

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|---------------------|---------------------|---------------------|
| 2024 | \$ 20,000 | \$ 176,137 | \$ 196,137 |
| 2025 | 40,000 | 175,088 | 215,088 |
| 2026 | 45,000 | 172,988 | 217,988 |
| 2027 | 50,000 | 170,625 | 220,625 |
| 2028 | 55,000 | 168,000 | 223,000 |
| 2029 | 55,000 | 165,112 | 220,112 |
| 2030 | 65,000 | 162,225 | 227,225 |
| 2031 | 70,000 | 158,813 | 228,813 |
| 2032 | 75,000 | 155,138 | 230,138 |
| 2033 | 80,000 | 151,200 | 231,200 |
| 2034 | 90,000 | 147,000 | 237,000 |
| 2035 | 95,000 | 142,275 | 237,275 |
| 2036 | 105,000 | 137,288 | 242,288 |
| 2037 | 110,000 | 131,775 | 241,775 |
| 2038 | 120,000 | 126,000 | 246,000 |
| 2039 | 125,000 | 119,700 | 244,700 |
| 2040 | 140,000 | 113,138 | 253,138 |
| 2041 | 145,000 | 105,788 | 250,788 |
| 2042 | 160,000 | 98,175 | 258,175 |
| 2043 | 165,000 | 89,775 | 254,775 |
| 2044 | 180,000 | 81,113 | 261,113 |
| 2045 | 190,000 | 71,663 | 261,663 |
| 2046 | 205,000 | 61,688 | 266,688 |
| 2047 | 215,000 | 50,925 | 265,925 |
| 2048 | 235,000 | 39,635 | 274,635 |
| 2049 | 520,000 | 27,300 | 547,300 |
| Total | <u>\$ 3,355,000</u> | <u>\$ 3,198,564</u> | <u>\$ 6,553,564</u> |

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Tax Levy | Mills Levied | Total Property Taxes | | Percent Collected to Levied |
|---|---|-----------------|----------------------|-----------|-----------------------------------|
| | | | Levied | Collected | |
| 2019 | \$ 414,080 | 60.000 | \$ 24,845 | \$ 24,845 | 100.00 % |
| 2020 | 1,398,090 | 61.723 | 86,294 | 86,294 | 100.00 |
| 2021 | 2,217,950 | 66.796 | 148,150 | 148,150 | 100.00 |
| 2022 | 3,136,930 | 66.796 | 209,534 | 208,250 | 99.39 |
| 2023 | 3,051,640 | 68.453 | 208,894 | 208,884 | 99.99 |
| Estimated for the Year Ending December 31, 2024 | \$ 3,601,010 | 78.429 | \$ 282,424 | | |

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessments.

Source: El Paso County Assessor and Treasurer.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
ANNUAL DISCLOSURES
HISTORY OF ASSESSED VALUTAION AND MILL LEVIES FOR THE DISTRICT
DECEMBER 31, 2023**

| <u>Levy Year</u> | <u>Collection Year</u> | <u>Assessed Valuation</u> | <u>Percent Change</u> | <u>General Fund Mill Levy</u> | <u>Debt Service Mill Levy</u> |
|------------------|------------------------|---------------------------|-----------------------|-------------------------------|-------------------------------|
| 2018 | 2019 | \$ 414,080 | - % | 10.000 | 50.000 |
| 2019 | 2020 | 1,398,090 | 237.64 | 10.287 | 51.436 |
| 2020 | 2021 | 2,217,950 | 58.64 | 11.132 | 55.664 |
| 2021 | 2022 | 3,136,930 | 41.43 | 11.132 | 55.664 |
| 2022 | 2023 | 3,051,640 | (2.72) | 11.408 | 57.045 |
| 2023 | 2024 | 3,601,010 | 18.00 | 13.071 | 65.358 |

Source: District and El Paso County Assessor's Office

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
ANNUAL DISCLOSURES
PROPERTY TAX COLLECTIONS IN THE DISTRICT
DECEMBER 31, 2023**

| <u>Levy Year</u> | <u>Collection Year</u> | <u>Taxes Levied (1)</u> | <u>Current Tax Collection(2)</u> | <u>Collection Rate</u> |
|------------------|------------------------|-------------------------|----------------------------------|------------------------|
| 2018 | 2019 | \$ 24,845 | \$ 24,845 | 100.00 % |
| 2019 | 2020 | 86,294 | 86,294 | 100.00 |
| 2020 | 2021 | 148,150 | 148,150 | 100.00 |
| 2021 | 2022 | 209,534 | 209,534 | 100.00 |
| 2022 | 2023 | 208,894 | 208,883 | 99.99 |
| 2023 | 2024 | 282,424 | 282,424 | 100.00 |

(1) Levied amounts do not reflect abatements or other adjustments.

(2) Collection as of August 30, 2024

Sources: District and El Paso county Assessor's Office

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
ANNUAL DISCLOSURES
ASSESSED & "ACTUAL" VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
DECEMBER 31, 2023**

| Property Class | Total Actual Valuation | Total Assessed Valuation | Percentage of Taxpayer/ Assessed Valuation |
|-----------------------|------------------------------|--------------------------------|---|
| Valuation Year - 2023 | | | |
| Vacant | \$ 1,685,678 | \$ 470,310 | 13.06% |
| Residential | 46,697,767 | 3,128,820 | 86.89 |
| Commercial | 6,722 | 1,880 | 0.05 |
| Total | <u>\$ 48,390,167</u> | <u>\$ 3,601,010</u> | <u>100%</u> |

Source: El Paso County Assessor's Office

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
ANNUAL DISCLOSURES
TEN LARGEST OWNERS OF PROPERTY WITHIN THE DISTRICT
DECEMBER 31, 2023**

| Taxpayer Name | Assessed Valuation | Percentage of Taxpayer / Assessed Valuation |
|-----------------------------|-----------------------|--|
| Valuation Year - 2023 | | |
| MEADOWBROOK DEVELOPMENT LLC | \$ 470,310 | 60.67% |
| PARDO WOOR | 57,170 | 7.37 |
| LOGAN LINDA MARY | 31,690 | 4.09 |
| TRAN NHI-CAM HANNAH | 31,560 | 4.07 |
| FIKE STEPHEN CHRISTOPHER | 31,560 | 4.07 |
| SCIPLE MARIA | 31,470 | 4.06 |
| LIM RICHARD A | 31,330 | 4.04 |
| LEWIS RANDY J | 30,380 | 3.92 |
| MONCALLO LAUREN | 29,930 | 3.86 |
| WALLER EDDIE MATHEW JR | 29,800 | 3.84 |
| Total | <u>\$ 775,200</u> | <u>100.00%</u> |

Source: El Paso County Assessor's Office

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
ANNUAL DISCLOSURES
DIRECT DEBT RATIO OF THE DISTRICT
DECEMBER 31, 2023**

| | <u>Total Debt</u> | <u>Senior Debt</u> | <u>Subordinate Debt</u> |
|--|-------------------|--------------------|-----------------------------|
| Direct Debt | \$ 3,849,000 | \$ 3,355,000 | \$ 494,000 |
| 2023 Certified Assessed Valuation | 3,601,010 | 3,601,010 | 3,601,010 |
| Ratio of Direct Debt to 2023 Certified Assessed Valuation | 107% | 93% | 14% |
| 2023 District Statutory Actual Value | 48,390,167 | 48,390,167 | 48,390,167 |
| Ratio of Direct Debt to 2022 District Statutory "Actual" Value | 7.95% | 6.93% | 1.02% |