



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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Board of Supervisors  
Meadow Pointe IV Community Development District  
Pasco County, Florida

We are pleased to provide the following information related to our audit of Meadow Pointe IV Community Development District for the year ended September 30, 2019 to assist you in your oversight responsibility of the financial reporting process of the District.

Our responsibility under the auditing standards has been described to you in our engagement letter dated September 16, 2019.

Management is responsible for the appropriateness of the accounting policies used by the District. During the year, no significant new accounting policies were adopted nor were there any changes in the existing accounting policies.

We did not discuss with Management, any significant or unusual transactions nor did we discuss any alternative treatments available under generally accepted accounting policies during the current audit period.

Any audit adjustments provided by Management or communicated to Management have been reported to and agreed upon by Management. If you would like a detailed listing of all audit adjustments for the current period, please contact us.

We did not encounter any immaterial uncorrected misstatements during the course of our audit.

There are no disagreements with Management over the application of significant accounting principles, the basis for judgments made by Management on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

We are not aware of any consultations Management had with other accountants about accounting or auditing matters.

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Board of Supervisors  
Meadow Pointe IV Community Development District

Page 2

There were no significant issues that were discussed during the course of the audit.

The Debt Service Fund had a deficit fund balance at September 30, 2019.

We did not encounter any difficulties in dealing with Management during the audit process.

Management has made certain written representations to us as part of the audit process. Please contact us if you would like a copy of those representations.

This letter is intended solely for the information and use of the Board and Management and is not intended to be and should not be used by anyone other than the intended parties. Please contact J. W. Gaines should you have any questions concerning this letter. We greatly appreciate the opportunity to be of service to Meadow Pointe IV Community Development District.

*Berger Toombs Elam  
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 2, 2020

**Meadow Pointe IV Community  
Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2019**

**Meadow Pointe IV Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2019**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Meadow Pointe IV Community Development District  
Pasco County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Meadow Pointe IV Community Development District as of and for the year ended September 30, 2019, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Fort Pierce / Stuart

To the Board of Supervisors  
Meadow Pointe IV Community Development District

### Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Debt Service Fund	Unmodified
Capital Project Fund	Unmodified

### Basis for Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component unit should have been presented.

### Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Discretely Presented Component Unit", the financial statements referred to above do not present fairly, the financial position of the discretely presented component unit of the District as of September 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the District as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Supervisors  
Meadow Pointe IV Community Development District

## **Other Matters**

### *Required Supplementary Information*

Governmental accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with governmental auditing standards generally accepted in the United States of America, which consisted principally of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated April 2, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meadow Pointe IV Community Development District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 2, 2020

**Meadow Pointe IV Community Development District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2019**

Management's discussion and analysis of Meadow Pointe IV Community Development District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components: 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government and debt service.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Meadow Pointe IV Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including buildings and improvements, and infrastructure are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliations are provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2019:

- ◆ The District's total assets exceeded total liabilities by \$35,402,501 (net position). Net investment in capital assets for the District was \$42,559,697, and restricted net position was \$2,382,690. Unrestricted net position was \$(9,539,886).
- ◆ Governmental activities revenues totaled \$4,200,397 while governmental activities expenses totaled \$2,409,279.

**Meadow Pointe IV Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current assets	\$ 846,229	\$ 594,051
Restricted assets	4,365,202	4,180,816
Capital assets, net	54,637,512	54,693,914
<b>Total Assets</b>	<b>59,848,943</b>	<b>59,468,781</b>
Current liabilities	10,996,442	10,192,398
Non-current liabilities	13,450,000	15,665,000
<b>Total Liabilities</b>	<b>24,446,442</b>	<b>25,857,398</b>
Net Position		
Net investment in capital assets	42,559,697	41,241,845
Restricted net position	2,382,690	2,331,575
Unrestricted	(9,539,886)	(9,962,037)
<b>Total Net Position</b>	<b>\$ 35,402,501</b>	<b>\$ 33,611,383</b>

The increase in current assets is the result of the increase in cash.

The decrease in capital assets is related to current year depreciation exceeding additions.

The increase in current liabilities is related to the increase in bonds payable-current.

The decrease in noncurrent liabilities is the result of bond principal paid during the current year reducing the outstanding bonds.

The increase in net position is related to revenues exceeding expenses in the current year.

**Meadow Pointe IV Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

**Change In Net Position**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Program Revenues		
Charges for services	\$ 3,569,966	\$ 3,613,339
Operating grants and contributions	507,127	1,108,974
General Revenues		
Miscellaneous	20,239	8,361
Investment earnings	103,065	57,899
Total Revenues	<u>4,200,397</u>	<u>4,788,573</u>
Expenses		
General government	145,819	160,017
Physical environment	690,592	712,651
Culture and recreation	342,590	272,694
Interest on long-term debt	1,230,278	1,333,128
Total Expenses	<u>2,409,279</u>	<u>2,478,490</u>
Change in Net Position	1,791,118	2,310,083
Net Position - Beginning of Year	<u>33,611,383</u>	<u>31,301,300</u>
Net Position - End of Year	<u>\$ 35,402,501</u>	<u>\$ 33,611,383</u>

The decrease in operating grants was related to a decrease in SPE contributions in the current year.

The decrease in interest expense was the result of the reduction in bonds payable.

**Meadow Pointe IV Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2019 and 2018:

<u>Description</u>	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Construction in progress	\$ 53,290,651	\$ 53,276,651
Recreational facilities	2,076,422	2,076,422
Equipment	21,267	14,870
Less: accumulated depreciation	(750,828)	(674,029)
Total Capital Assets, Net	<u>\$ 54,637,512</u>	<u>\$ 54,693,914</u>

The activity for the year consisted of additions of \$14,000 to construction in progress, and \$6,397 to equipment and \$76,799 in depreciation.

**General Fund Budgetary Highlights**

Actual expenditures were less than budgeted amounts primarily due to less capital improvement and capital reserve projects than anticipated during the year.

The budget was not amended in the current year.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In prior years, the District issued various Capital Improvement Revenue Bonds Series 2004, 2007, 2012, 2014 and 2015 maturing in various terms between 2020 to 2038. The Bonds were issued to refinance the acquisition and construction of certain improvements for the benefit of the District under an old debt. The balance outstanding at September 30, 2019 was \$14,345,000. More detailed information about the District's debt is presented in the accompanying notes to financial statements.

**Meadow Pointe IV Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Economic Factors and Next Year's Budget**

Meadow Pointe IV Community Development District completed the State Road 56 project in March 2020 and conveyed the road to the County along with certain impact fees. The effect on the financial position or results of operations of the District in fiscal year 2020 cannot be determined at this time.

**Request for Information**

The financial report is designed to provide a general overview of Meadow Pointe IV Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Meadow Pointe IV Community Development District, Rizzetta & Company, 12750 Citrus Park Lane, Suite 115, Tampa, Florida 33625.

**Meadow Pointe IV Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 789,528
Prepaid expenses	35,755
Deposits	20,946
Total Current Assets	846,229
Non-Current Assets	
Restricted Assets	
Investments	4,365,202
Capital Assets, Not Being Depreciated	
Construction in progress	53,290,651
Capital Assets, Being Depreciated	
Recreational facilities	2,076,422
Equipment	21,267
Less: accumulated depreciation	(750,828)
Total Non-Current Assets	59,002,714
Total Assets	59,848,943
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	28,428
Deposits	500
Bonds payable - current	895,000
Accrued interest payable	496,673
Matured interest payable	3,540,841
Matured bonds payable	6,035,000
Total Current Liabilities	10,996,442
Non-Current Liabilities	
Bonds payable	13,450,000
Total Liabilities	24,446,442
 <b>NET POSITION</b>	
Net investment in capital assets	42,559,697
Restricted for capital projects	2,382,690
Unrestricted	(9,539,886)
Total Net Position	\$ 35,402,501

See accompanying notes to financial statements.



**Meadow Pointe IV Community Development District**  
**BALANCE SHEET –**  
**GOVERNMENTAL FUNDS**  
**September 30, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 789,528	\$ -	\$ -	\$ 789,528
Prepaid expenses	35,755	-	-	35,755
Deposits	20,946	-	-	20,946
Restricted assets				
Investments, at fair value	-	1,982,512	2,382,690	4,365,202
<b>Total Assets</b>	<u>\$ 846,229</u>	<u>\$ 1,982,512</u>	<u>\$ 2,382,690</u>	<u>\$ 5,211,431</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 28,428	\$ -	\$ -	\$ 28,428
Deposits	500	-	-	500
Matured bonds payable	-	6,035,000	-	6,035,000
Matured interest payable	-	3,540,841	-	3,540,841
<b>Total Liabilities</b>	<u>28,928</u>	<u>9,575,841</u>	<u>-</u>	<u>9,604,769</u>
<b>FUND BALANCES</b>				
Nonspendable - prepaid expenses and deposits	56,701	-	-	56,701
Restricted:				
Capital projects	-	-	2,382,690	2,382,690
Unassigned	760,600	(7,593,329)	-	(6,832,729)
<b>Total Fund Balances</b>	<u>817,301</u>	<u>(7,593,329)</u>	<u>2,382,690</u>	<u>(4,393,338)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 846,229</u>	<u>\$ 1,982,512</u>	<u>\$ 2,382,690</u>	<u>\$ 5,211,431</u>

See accompanying notes to financial statements.

**Meadow Pointe IV Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2019**

Total Governmental Fund Balances	\$ (4,393,338)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, construction in progress (\$53,290,651), recreational facilities (\$2,076,422), and equipment (\$21,267), net of accumulated depreciation (\$750,828), used in governmental activities are not financial resources and, therefore, are not reported at the governmental fund level.	54,637,512
Long-term liabilities, bonds payable are not due and payable in the current period and, therefore, are not reported at the governmental fund level.	(14,345,000)
Accrued interest expense for long-term debt is not a financial use and, therefore, is not reported at the governmental fund level.	<u>(496,673)</u>
Net Position of Governmental Activities	<u><u>\$ 35,402,501</u></u>

See accompanying notes to financial statements.

**Meadow Pointe IV Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ 1,386,458	\$ 2,183,508	\$ -	\$ 3,569,966
Investment income	13,283	38,667	51,115	103,065
SPE contributions	-	507,127	-	507,127
Miscellaneous	20,239	-	-	20,239
	<u>1,419,980</u>	<u>2,729,302</u>	<u>51,115</u>	<u>4,200,397</u>
Total Revenues				
Expenditures				
Current				
General government	140,289	5,530	-	145,819
Physical environment	690,592	-	-	690,592
Culture and recreation	265,791	-	-	265,791
Capital outlay	20,397	-	-	20,397
Debt service				
Principal	-	1,580,000	-	1,580,000
Interest	-	1,273,370	-	1,273,370
	<u>1,117,069</u>	<u>2,858,900</u>	<u>-</u>	<u>3,975,969</u>
Total Expenditures				
Net Change in Fund Balance	302,911	(129,598)	51,115	224,428
Fund Balances - Beginning of Year	<u>514,390</u>	<u>(7,463,731)</u>	<u>2,331,575</u>	<u>(4,617,766)</u>
Fund Balances - End of Year	<u>\$ 817,301</u>	<u>\$ (7,593,329)</u>	<u>\$ 2,382,690</u>	<u>\$ (4,393,338)</u>

See accompanying notes to financial statements.

**Meadow Pointe IV Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 224,428

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount that current year capital outlay, \$20,397, was exceeded by depreciation, \$(76,799). (56,402)

Governmental funds report principal payments as expenditures when paid, whereas these payments are recognized as a decrease in bonds payable in the Statement of Net Position. 1,580,000

In the Statement of Activities, interest is accrued on outstanding bonds, whereas at the governmental funds level, interest expenditures are reported when due. This is the change in accrued interest in the current period. 43,092

Change in Net Position of Governmental Activities \$ 1,791,118

See accompanying notes to financial statements.

**Meadow Pointe IV Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For the Year Ended September 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 1,375,097	\$ 1,375,097	\$ 1,386,458	\$ 11,361
Investment income	-	-	13,283	13,283
Miscellaneous	-	-	20,239	20,239
Total Revenues	<u>1,375,097</u>	<u>1,375,097</u>	<u>1,419,980</u>	<u>44,883</u>
Expenditures				
Current				
General government	148,066	148,066	140,289	7,777
Physical environment	989,479	989,479	690,592	298,887
Culture and recreation	237,552	237,552	265,791	(28,239)
Capital outlay	-	-	20,397	(20,397)
Total Expenditures	<u>1,375,097</u>	<u>1,375,097</u>	<u>1,117,069</u>	<u>258,028</u>
Net Change in Fund Balances	-	-	302,911	302,911
Fund Balances - Beginning of Year	-	-	514,390	514,390
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 817,301</u>	<u>\$ 817,301</u>

See accompanying notes to financial statements.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was established on September 4, 2002, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Pasco County Ordinance #02-21 as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Meadow Pointe IV Community Development District. The District is governed by a five member Board of Supervisors who are elected on an at large basis by qualified electors of the District. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the Meadow Pointe IV Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified one component unit, MAXCY Development Group Holdings - Meadow Pointe IV, Inc., (the "SPE"). The District was not provided any financial information from the SPE.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments and interest. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Unassigned Fund Balance** – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Fund Balance Spending Hierarchy** – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund – 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.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**a. Governmental Major Funds (Continued)**

Debt Service Fund – Accounts for debt service requirements to retire the capital improvement revenue bonds which were used to finance the construction of District infrastructure improvements. The bonds are secured by a first lien on and pledge of the special assessment revenues and pledged funds.

Capital Projects Fund – The Capital Projects Funds account for construction of infrastructure improvements within the boundaries of the District.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and improvements, and non-current governmental liabilities, such as general obligation bonds and due to developer be reported in the governmental activities column in the government-wide Statement of Net Position.

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity (Continued)**

**b. Restricted Net Position**

Certain net position of the District is classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**c. Capital Assets**

Capital assets, which include buildings, infrastructure, construction in progress, and equipment are reported in the governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets range from 5 to 30 years.

**d. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

**Meadow Pointe IV Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE B – CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. Exposure to custodial credit risk was as follows: as of September 30, 2019, the District's bank balance was \$807,962 and the carrying value was \$789,528. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2019, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Managed Money Market	N/A	\$ 73,131
First American Treasury Obligation	26 days*	4,292,071
Total		<u>\$ 4,365,202</u>

\* Maturity is a weighted average maturity

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the First American Treasury Obligation investment is a Level 1 asset.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE B – CASH AND INVESTMENTS (CONTINUED)**

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments in Fidelity Government Portfolio and First American Treasury Obligation are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2019, the District's investment First American Treasury Obligation was rated AAAM by Standard & Poor's. The Managed Money Market is not rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in First American Treasury Obligation represents 98% of the District's total investments. The investments in Managed Money Market represents 2% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2019 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**NOTE C – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2019 was as follows:

	Balance October 1, 2018	Additions	Disposals	Balance September 30, 2019
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 53,276,651	\$ 14,000	\$ -	\$ 53,290,651
Capital assets, being depreciated:				
Recreational facilities	2,076,422	-	-	2,076,422
Equipment	14,870	6,397	-	21,267
Total capital assets, being depreciated	<u>2,091,292</u>	<u>6,397</u>	<u>-</u>	<u>2,097,689</u>
Less accumulated depreciation for:				
Recreational facilities	(665,026)	(74,112)	-	(739,138)
Equipment	(9,003)	(2,687)	-	(11,690)
Total accumulated depreciation	<u>(674,029)</u>	<u>(76,799)</u>	<u>-</u>	<u>(750,828)</u>
Total Capital Assets Depreciated, Net	<u>1,417,263</u>	<u>(70,402)</u>	<u>-</u>	<u>1,346,861</u>
Governmental Activities Capital Assets, Net	<u>\$ 54,693,914</u>	<u>\$ (56,402)</u>	<u>\$ -</u>	<u>\$ 54,637,512</u>

Current year depreciation of \$76,799 was charged to culture and recreation.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE D – LONG-TERM DEBT**

**Capital Improvement Revenue Bonds – Series 2004A**

In September 2004, the District issued \$6,005,000 of Capital Improvement Revenue Bonds, Series 2004A due on May 1, 2036 with a fixed interest rate of 6%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest was to be paid semiannually on each May 1 and November 1 commencing November 1, 2004. Principal on the bonds was to be paid serially commencing May 1, 2007 through May 1, 2036.

The bonds were subject to redemption at the option of the District prior to maturity. The bonds were also subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occur as outlined in the Bond Indenture.

The Series 2004 Bonds were in default due to nonpayment of debt service and the bonds were restructured in prior years. Of the Restructured Series 2004 bonds, \$2,600,000 was exchanged for Series 2012 Convertible Capital Appreciation Bonds and \$3,120,000 remains outstanding. The terms of the unexchanged Series 2004 Bonds remain unchanged except that principal is no longer due in annual installments, but rather in one lump sum payment at the end of the bond term on May 1, 2036. No payments were made as of September 30, 2019.

Total principal remaining in the Series 2004 Revenue Bonds at September 30, 2019 is \$3,120,000.

**Capital Improvement Revenue Bonds – Series 2007**

In August 2007, the District issued \$12,220,000 of Capital Improvement Revenue Bonds. Series 2007 consisted of \$6,390,000 Series 2007A Bonds due May 1, 2038 with a fixed interest rate of 6.25% and \$5,830,000 Series 2007B Bonds due Nov 1, 2014 with a fixed interest rate of 6.15%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest was to be paid semiannually on each May 1 and November 1. Principal on the 2007A bonds is to be paid annually commencing May 1, 2009 through May 1, 2038. Principal on the 2007B bonds was to be paid as one lump sum November 1, 2014.

The bonds were subject to redemption at the option of the District prior to maturity. The bonds were also subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

**Capital Improvement Revenue Bonds – Series 2007 (Continued)**

The Series 2007 Bonds were in default due to the nonpayment of debt service. In prior years, the District redeemed \$500,000 of the Series 2007A bonds, \$460,000 of the Series 2007B Bonds and the remaining amounts were restructured. Of the restructured Series 2007 Bonds, \$2,810,000 of the Series 2007A and \$2,605,000 of the Series 2007B bonds were exchanged for Series 2012 Convertible Capital Appreciation Bonds. The Unexchanged Series 2007A Bonds totaling \$3,005,000 remain outstanding. The terms of the unexchanged Series 2007A Bonds remain unchanged except that the principal is no longer due in annual installments but rather in a lump sum payment at the end of the bond term on November 1, 2039.

Total principal remaining in the Series 2007A Revenue Bonds at September 30, 2019 is \$3,005,000.

**Capital Improvement Revenue Bonds – Series 2012**

In June 2012, the District issued Series 2012 Bonds Comprised of: Series 2012A-1 Bonds of \$1,621,630 due on May 1, 2036 with a fixed interest rate of 6%; Series 2012A-2 Bonds of \$3,077,116 due on May 1, 2038 with a fixed interest rate of 6.25%; Series 2012B-1 Bonds of \$4,075,280 due on May 1, 2020 with a fixed interest rate of 6.81% and Series 2012B-2 Bonds of \$3,195,000 due on May 1, 2015 with a fixed interest of 5.25%. These bonds were issued in exchange for portions of the Series 2004, 2005 and 2007 Bonds.

The Series 2012A-1, 2012A-2 and 2012B-1 Bonds are Convertible Capital Appreciation Bonds. Interest accretes and was added to the bond value from the issuance date until the conversion date of May 1, 2014. As of that date, the bonds converted to current interest bonds and interest payments are due semiannually on each May 1 and November 1, commencing November 1, 2014. Annual principal payments began on May 1, 2015 for the Series 2012A-1, and Series 2012A-2. Principal on the 2012B-1 Bonds are due in a lump sum payment May 1, 2020.

The Series 2012B-2 Bonds are current interest bonds. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2012. Principal on the 2012B-2 Bonds was due in a lump sum payment May 1, 2015. The Series 2012A-1 and 2012A-2 Bonds are subject to redemption at the option of the District, in whole or in part anytime on or after May 1, 2022 at a redemption price as set forth in the Bond Indenture. The Series 2012B-1 and 2012B-2 Bonds are not subject to such redemption. The Series 2012 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond indenture. The Bond Indenture has certain restrictions and requirements relating principally to the use of the proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to properly owners. The District agreed to collect special assessments in annual installments adequate to provide the payment of debt service.

Payment of principal and interest on the 2012 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenues. Collection of assessments on the Convertible Capital Appreciation Bonds commences with the initial debt service payment on November 1, 2014.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

**Capital Improvement Revenue Bonds – Series 2012 (Continued)**

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the Indenture. The District is in compliance with the requirement at September 30, 2019.

Total principal remaining in the Series 2012 Bonds at September 30, 2019 is \$5,080,000.

**Capital Improvement Revenue Bonds – Series 2014**

In June 2014, The District issued Series 2014 Bonds, Series 2014A Bonds of \$908,074 due on May 1, 2034 with a fixed interest rate of 7.25% and Series 2014B Bonds of \$810,932 due on May 1, 2022 with a fixed interest rate of 7.25%. These bonds were issued in exchange for \$1,719,005 of the Series 2012B-2 Bonds.

The Series 2014 Bonds are Convertible Capital Appreciation Bonds. Interest accretes and is added to the bond value from the issuance date until the conversion date of November 1, 2016. After that date, the bonds convert to current interest bonds and interest payments are due semiannually on May 1 and November 1, commencing May 1, 2017. Annual principal payments begin May 1, 2017 on the Series 2014A Bonds. Principal on the 2014B Bond is due in a lump sum payment on May 1, 2022. Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the Indenture. The District is in compliance with the requirement at September 30, 2019.

Total principal remaining in the Series 2014 Bonds at September 30, 2019 is \$1,185,000.

**Capital Improvement Revenue Refunding Bonds – Series 2015**

In April 2015, the District issued \$2,360,000 of Capital Improvement Revenue Refunding Bonds, Series 2015 due on May 1, 2034 with a variable interest rate of 2% to 4.20%. Interest is to be paid semiannually on May 1 and November 1, commencing November 1, 2015. Principal on the bonds is to be paid serially commencing May 1, 2016 through May 1, 2034.

The bonds are subject to redemption at the option of the District prior to maturity. The bonds are also subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the bond registrar if certain events occur as outlined in the bond indenture.

The bond indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the indenture. The District is in compliance with the requirement at September 30, 2019.

Total principal remaining on the Series 2015 Capital Improvement Revenue Refunding Bonds at September 30, 2019, is \$1,955,000.

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

Changes in long-term liability activity for the fiscal year ended September 30, 2019 were as follows:

	Year Ending September 30, 2018	Reductions	Year Ending September 30, 2019
Government activities			
Series 2004A	\$ 3,120,000	\$ -	\$ 3,120,000
Series 2007A	3,005,000	-	3,005,000
Series 2012A-1	1,635,000	(55,000)	1,580,000
Series 2012A-2	3,175,000	(90,000)	3,085,000
Series 2012B-1	1,375,000	(960,000)	415,000
Series 2014A	1,015,000	(35,000)	980,000
Series 2014B	540,000	(335,000)	205,000
Series 2015	2,060,000	(105,000)	1,955,000
Totals	<u>\$ 15,925,000</u>	<u>\$ (1,580,000)</u>	<u>\$ 14,345,000</u>

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2019 are as follows:

Series 2004A

Year Ending September 30,	Principal	Interest	Total
2020	\$ -	\$ 187,200	\$ 187,200
2021	-	187,200	187,200
2022	-	187,200	187,200
2023	-	187,200	187,200
2024	-	187,200	187,200
2025-2029	-	936,000	936,000
2030-2034	-	936,000	936,000
2035-2037	3,120,000	468,000	3,588,000
Totals	<u>\$ 3,120,000</u>	<u>\$ 3,276,000</u>	<u>\$ 6,396,000</u>

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

Series 2007A

Year Ending September 30,	Principal	Interest	Total
2020	\$ -	\$ 187,813	\$ 187,813
2021	-	187,813	187,813
2022	-	187,813	187,813
2023	-	187,813	187,813
2024	-	187,813	187,813
2025-2029	-	939,065	939,065
2030-2034	-	939,065	939,065
2035-2039	3,005,000	845,158	3,850,158
Totals	<u>\$ 3,005,000</u>	<u>\$ 3,662,353</u>	<u>\$ 6,667,353</u>

Series 2012 A-1

Year Ending September 30,	Principal	Interest	Total
2020	\$ 55,000	\$ 94,800	\$ 149,800
2021	60,000	91,500	151,500
2022	60,000	87,900	147,900
2023	65,000	84,300	149,300
2024	70,000	80,400	150,400
2025-2029	425,000	333,000	758,000
2030-2034	570,000	188,940	758,940
2035-2038	275,000	24,900	299,900
Totals	<u>\$ 1,580,000</u>	<u>\$ 985,740</u>	<u>\$ 2,565,740</u>

Series 2012 A-2

Year Ending September 30,	Principal	Interest	Total
2020	\$ 85,000	\$ 192,813	\$ 277,813
2021	95,000	187,500	282,500
2022	100,000	181,563	281,563
2023	105,000	175,313	280,313
2024	110,000	168,750	278,750
2025-2029	680,000	730,001	1,410,001
2030-2034	930,000	487,501	1,417,501
2035-2038	980,000	156,876	1,136,876
Totals	<u>\$ 3,085,000</u>	<u>\$ 2,280,317</u>	<u>\$ 5,365,317</u>

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

Series 2012 B-1

Year Ending September 30,	Principal	Interest	Total
2020	\$ 415,000	\$ 14,131	\$ 429,131

Series 2014A

Year Ending September 30,	Principal	Interest	Total
2020	\$ 35,000	\$ 71,050	\$ 106,050
2021	35,000	68,513	103,513
2022	40,000	65,975	105,975
2023	40,000	63,075	103,075
2024	45,000	60,175	105,175
2025-2029	285,000	245,777	530,777
2030-2034	405,000	126,876	531,876
2035	95,000	6,887	101,887
Totals	<u>\$ 980,000</u>	<u>\$ 708,328</u>	<u>\$ 1,688,328</u>

Series 2014B

Year Ending September 30,	Principal	Interest	Total
2020	\$ 205,000	\$ 7,431	\$ 212,431

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

Series 2015

Year Ending September 30,	Principal	Interest	Total
2020	\$ 100,000	\$ 73,494	\$ 173,494
2021	105,000	71,094	176,094
2022	105,000	68,338	173,338
2023	110,000	65,450	175,450
2024	115,000	61,930	176,930
2025-2029	635,000	243,440	878,440
2030-2034	785,000	99,815	884,815
Totals	<u>\$ 1,955,000</u>	<u>\$ 683,561</u>	<u>\$ 2,638,561</u>

Significant Bond Resolution Terms and Covenants

The Bond Indenture established certain amounts be maintained in a reserve account. In addition, the Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

**CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2012 to 2015**

Reserve Fund – The Reserve Accounts are funded from the proceeds of the various Series of Bonds in an amount equal to a certain 25 to 50 percent of the maximum annual debt service requirement of the bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	Capital Improvement Bonds	
	Reserve Balance	Reserve Requirement
Series 2012A-1 Convertible Capital Appreciation Bonds	\$ 152,395	\$ 149,950
Series 2012A-2 Convertible Capital Appreciation Bonds	285,048	279,688
Series 2012B-1 Convertible Capital Appreciation Bonds	130,964	17,663
Series 2014A Convertible Capital Appreciation Bonds	108,052	82,705
Series 2014B Convertible Capital Appreciation Bonds	69,600	20,500
Series 2015 Capital Improvement Revenue Bonds	88,166	82,500
	<u>\$ 834,225</u>	<u>\$ 633,006</u>

**Meadow Pointe IV Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE E – SPECIAL PURPOSE ENTITY**

In 2011, the Trustee, on behalf of the bondholders, created a Special Purpose Entity ("SPE"), Maxcy Development Group Holdings - Meadow Pointe IV, Inc., to own, manage and dispose of land taken in lieu of foreclosure from three significant landowners of the District. The District, Trustee and the SPE entered into a tri-party agreement whereby the SPE agreed to pay current operating and maintenance assessments of the District. The SPE does not pay debt service assessments because the Trustee has directed the District to temporarily defer collection of the debt service assessments.

In the current year, the SPE paid \$507,127 to the District to fund the Debt Service Fund. The SPE is funded through the District trust accounts at the discretion of the trustee. In the current year, the Trustee did not provide any funding to the SPE through the District trust accounts. If funds are no longer available in the trust estate to fund the SPE and another funding source has not been secured, the SPE may convey its property to the District, the trustee or another SPE.

In fiscal year 2011-2012, the SPE sold a portion of the land to a developer. The District used proceeds from the sale to redeem \$1,100,000 of the Series 2004, Series 2005 and Series 2007 Bonds outstanding. Additionally, the District used proceeds of \$1,041,039 to fund the Series 2012 Debt Service reserve accounts and the bond issuance costs. In fiscal year 2013-2014, the SPE sold the remaining land to a developer. As lots are sold, funds are remitted to the trustee to pay down the un-exchanged bonds.

**NOTE F – MANAGEMENT AGREEMENTS**

The District has contracted with a management company to perform management services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

**NOTE G – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the cost of these risks, coverage may not extend to all situations. The District has not filed any claims under this commercial coverage during the last three years.

**NOTE H – SUBSEQUENT EVENT**

In November 2019, the District redeemed the remaining \$205,000 of the Series 2014B Bonds and \$415,000 Series 2012B-1 Bonds outstanding. The District also made \$5,000 prepayments on the Series 2012A-1 Bonds, Series 2012A-2 Bonds, and Series 2014A Bonds.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
Meadow Pointe IV Community Development District  
Pasco County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meadow Pointe IV Community Development District, as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 2, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Meadow Pointe IV Community Development District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meadow Pointe IV Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Meadow Pointe IV Community Development District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Supervisors  
Meadow Pointe IV Community Development District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Meadow Pointe IV Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the District in a separate letter dated April 2, 2020.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants  
Fort Pierce, Florida

April 2, 2020



# Berger, Toombs, Elam, Gaines & Frank

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## **MANAGEMENT LETTER**

To the Board of Supervisors  
Meadow Pointe IV Community Development District  
Pasco County, Florida

We have audited the financial statements of the Meadow Pointe IV Community Development District, Florida as of and for the year ended September 30, 2019, and have issued our report thereon dated April 2, 2020. Our report was modified to address various issues associated with the financial statements not including the activity of a legally separate component unit (a Special Purpose Entity).

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

### **Other Reports and Schedules**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated April 2, 2020, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been made to address findings and recommendations made in the preceding financial audit report. The following findings or recommendations were made in the preceding financial audit report:

### **Finding and Recommendations**

#### **13-01 Failure to make Debt Service Payment when Due**

Finding: The Special Assessment Revenue Bonds Series 2004, 2005, 2007 and 2012 require semiannual interest and principal payments per the Bond Indenture. In the current year and prior years, interest and principal were not paid on the bonds respectively. In prior years, debt service assessments were not being paid to the District due to landowner bankruptcies. Due to bond restructures in prior years, the special assessment liens on the unexchanged bonds have been extinguished. As of September 30, 2019, the District was not in compliance with the requirements of the bond indenture and has met a financial emergency condition as described in Florida Statutes Section 218.503(1).

Fort Pierce / Stuart

To the Board of Supervisors  
Meadow Pointe IV Community Development District

### **Finding and Recommendations (Continued)**

#### **13-01 Failure to make Debt Service Payment when Due (Continued)**

Recommendation: We recommend that the District utilize all legal remedies available to collect delinquent assessments to bring debt service payments current.

Management Response: The Trustee, on behalf of the bondholders, created a Special Purpose Entity ("SPE") to own, manage and dispose of the land taken in lieu of foreclosure from three significant landowners of the District. The District, Trustee, and the SPE entered into a tri-party agreement whereby the SPE assumed responsibility for the prior year debt service assessments owed to the District related to the land owned by the SPE. In a prior year the bonds were restructured and portion of the Series 2004, 2005, and 2007 bonds were exchanged for Series 2012A-1 and A-2 bonds, the un-exchanged portion are still outstanding. As part of the restructure, the debt assessment lien has been transferred from the Series 2004, 2005 and 2007 bonds to the Series 2012 bonds. As a result of the restructure, there are no special assessments securing the Series 2004, 2005 and 2007 bonds. During the prior years a portion of the 2012B-2 bonds were exchanged for Series 2014A Bonds. Due to the lack of special assessment revenue to pay the un-exchanged portion of the bonds no principal or interest payments can be made. During the prior year, the SPE sold the remaining land to a developer. As the developer sells lots, funds are remitted to the trustee to pay principal and interest on the un-exchanged bonds.

Current Status: The finding has not been corrected as of September 30, 2019.

#### **13-03 Failure to Include Component Unit Financial Statement in the Financial Report**

Finding: Generally accepted accounting principles require that the District include the financial statements of the Special Purpose Entity (SPE) in their audited financial report as a discretely-presented component unit. The SPE is not included as a component unit in the District's financial report. Due to the lack of control by the District and that the SPE's primary beneficiary is the Bondholders; the District's position is that the SPE is not a component unit of the District. We could not audit the records nor include them as a discretely-presented component unit in the District's government-wide financial statements.

Recommendation: We recommend that the District include the SPE as a discretely-presented component unit of the District's government-wide financial statements.

Management Response: District's management does not agree that the SPE should be included as a discretely-presented component unit on the government-wide financial statements. In summary, management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit. The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE. In addition, the District will not benefit from the activities of the SPE. When the land held by the SPE is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt. The District will not be responsible for any deficiency between the net proceeds of the sale and the associated Bond debt.

Current Status: The finding has not been corrected as of September 30, 2019.

To the Board of Commissioners  
Meadow Pointe IV Community Development District

### **Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Meadow Pointe IV Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Meadow Pointe IV Community Development District did meet one of the conditions described in Section 218.503(1), Florida Statutes. See Finding 13-01.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2019 for the Meadow Pointe IV Community Development District. It is management's responsibility to monitor the Meadow Pointe IV Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger Toombs Elam  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 2, 2020



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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE WITH  
SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors  
Meadow Pointe IV Community Development District  
Pasco County, Florida

We have examined Meadow Pointe IV Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2019. Management is responsible for Meadow Pointe IV Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Meadow Pointe IV Community Development District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Meadow Pointe IV Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Meadow Pointe IV Community Development District's compliance with the specified requirements.

In our opinion, Meadow Pointe IV Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2019.

*Berger Toombs Elam  
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 2, 2020