

**Meadow Pointe IV Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2021

Meadow Pointe IV Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2021

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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, 2021, 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, 2021, 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, 2021, 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, 2021, 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 May 9, 2022 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*

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

May 9, 2022

**Meadow Pointe IV Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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, physical environment, culture/recreation 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, 2021**

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 capital assets, 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, 2021:

- ◆ The District's total assets exceeded total liabilities by \$33,222,041 (net position). Net investment in capital assets for the District was \$43,401,323, and restricted net position was \$8,990. Unrestricted net position was \$(10,188,272).
- ◆ Governmental activities revenues totaled \$2,243,641 while governmental activities expenses totaled \$2,457,990.

**Meadow Pointe IV Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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

| | Governmental Activities | |
|----------------------------------|--------------------------------|----------------------|
| | 2021 | 2020 |
| Current assets | \$ 1,346,110 | \$ 1,014,041 |
| Restricted assets | 908,554 | 1,045,098 |
| Capital assets, net | 54,492,314 | 54,571,913 |
| Total Assets | 56,746,978 | 56,631,052 |
| | | |
| Current liabilities | 10,794,937 | 10,059,662 |
| Non-current liabilities | 12,730,000 | 13,135,000 |
| Total Liabilities | 23,524,937 | 23,194,662 |
| | | |
| Net Position | | |
| Net investment in capital assets | 43,401,323 | 43,128,481 |
| Restricted net position | 8,990 | 8,989 |
| Unrestricted | (10,188,272) | (9,701,080) |
| Total Net Position | \$ 33,222,041 | \$ 33,436,390 |

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

The decrease in restricted assets is related to a prepayment on the long-term debt in the current year.

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

The increase in current liabilities is related to the increase in matured interest payable.

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

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

**Meadow Pointe IV Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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

| | Governmental Activities | |
|------------------------------------|--------------------------------|----------------------|
| | 2021 | 2020 |
| Program Revenues | | |
| Charges for services | \$ 2,169,500 | \$ 2,116,699 |
| Operating grants and contributions | 13,984 | 591,665 |
| General Revenues | | |
| Miscellaneous | 59,770 | 8,427 |
| Investment earnings | 387 | 39,315 |
| Cancellation of matured interest | - | 134,327 |
| Total Revenues | <u>2,243,641</u> | <u>2,890,433</u> |
| Expenses | | |
| General government | 183,267 | 200,215 |
| Physical environment | 702,482 | 756,197 |
| Transportation | - | 2,393,710 |
| Culture and recreation | 450,331 | 360,545 |
| Interest and other charges | 1,121,910 | 1,145,877 |
| Total Expenses | <u>2,457,990</u> | <u>4,856,544</u> |
| Change in Net Position | (214,349) | (1,966,111) |
| Net Position - Beginning of Year | <u>33,436,390</u> | <u>35,402,501</u> |
| Net Position - End of Year | <u>\$ 33,222,041</u> | <u>\$ 33,436,390</u> |

The increase in charges for services is related to the increase in special assessments for the General Fund in the current year.

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

The decrease in cancellation of matured interest is related to the payoff of certain bonds outstanding in the prior year.

The decrease in transportation is related to the payment to the County for certain road improvements in the prior year.

**Meadow Pointe IV Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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, 2021 and 2020:

| <u>Description</u> | Governmental Activities | |
|--------------------------------|--------------------------------|----------------------|
| | <u>2021</u> | <u>2020</u> |
| Construction in progress | \$ 53,276,651 | \$ 53,276,651 |
| Recreational facilities | 2,076,422 | 2,076,422 |
| Equipment | 49,267 | 49,267 |
| Less: accumulated depreciation | (910,026) | (830,427) |
| Total Capital Assets, Net | <u>\$ 54,492,314</u> | <u>\$ 54,571,913</u> |

The activity for the year consisted of \$79,599 in depreciation.

General Fund Budgetary Highlights

Actual expenditures were less than budgeted amounts primarily due to capital improvements and landscape expenditures being less 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, 2021 was \$13,030,000. 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, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Meadow Pointe IV Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District for the year ended September 30, 2022.

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, 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

Meadow Pointe IV Community Development District
STATEMENT OF NET POSITION
September 30, 2021

| | Governmental Activities |
|---------------------------------------|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and cash equivalents | \$ 1,287,856 |
| Prepaid expenses | 37,308 |
| Deposits | 20,946 |
| Total Current Assets | 1,346,110 |
| Non-Current Assets | |
| Restricted Assets | |
| Investments | 908,554 |
| Capital Assets, Not Being Depreciated | |
| Construction in progress | 53,276,651 |
| Capital Assets, Being Depreciated | |
| Recreational facilities | 2,076,422 |
| Equipment | 49,267 |
| Less: accumulated depreciation | (910,026) |
| Total Non-Current Assets | 55,400,868 |
| Total Assets | 56,746,978 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable and accrued expenses | 53,718 |
| Deposits payable | 600 |
| Bonds payable - current | 300,000 |
| Accrued interest payable | 463,464 |
| Matured interest payable | 3,942,155 |
| Matured bonds payable | 6,035,000 |
| Total Current Liabilities | 10,794,937 |
| Non-Current Liabilities | |
| Bonds payable | 12,730,000 |
| Total Liabilities | 23,524,937 |
| NET POSITION | |
| Net investment in capital assets | 43,401,323 |
| Restricted for capital projects | 8,990 |
| Unrestricted | (10,188,272) |
| Total Net Position | \$ 33,222,041 |

See accompanying notes to financial statements.

Meadow Pointe IV Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

| Functions/Programs | Expenses | Program Revenues | | Net (Expenses) Revenues and Changes in Net Position |
|----------------------------------|-----------------|---------------------------------|---|--|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| General government | \$ (183,267) | \$ 191,395 | \$ - | \$ 8,128 |
| Physical environment | (702,482) | 825,948 | - | 123,466 |
| Culture/recreation | (450,331) | 435,891 | - | (14,440) |
| Interest and other charges | (1,121,910) | 716,266 | 13,984 | (391,660) |
| Total Governmental Activities | \$ (2,457,990) | \$ 2,169,500 | \$ 13,984 | (274,506) |
| General Revenues | | | | |
| Investment income | | | | 387 |
| Miscellaneous | | | | 59,770 |
| Total General Revenues | | | | 60,157 |
| Changes in Net Position | | | | (214,349) |
| Net Position - Beginning of Year | | | | 33,436,390 |
| Net Position - End of Year | | | | \$ 33,222,041 |

See accompanying notes to financial statements.

Meadow Pointe IV Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2021

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|--|---------------------|--------------------|---------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,287,856 | \$ - | \$ - | \$ 1,287,856 |
| Due from other funds | - | 21,056 | - | 21,056 |
| Prepaid expenses | 37,308 | - | - | 37,308 |
| Deposits | 20,946 | - | - | 20,946 |
| Restricted assets | | | | |
| Investments, at fair value | - | 899,564 | 8,990 | 908,554 |
| Total Assets | \$ 1,346,110 | \$ 920,620 | \$ 8,990 | \$ 2,275,720 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | \$ 53,718 | \$ - | \$ - | \$ 53,718 |
| Due to other funds | 21,056 | - | - | 21,056 |
| Deposits payable | 600 | - | - | 600 |
| Matured bonds payable | - | 6,035,000 | - | 6,035,000 |
| Matured interest payable | - | 3,942,155 | - | 3,942,155 |
| Total Liabilities | 75,374 | 9,977,155 | - | 10,052,529 |
| FUND BALANCES | | | | |
| Nonspendable - prepaid expenses and deposits | 58,254 | - | - | 58,254 |
| Restricted: | | | | |
| Capital projects | - | - | 8,990 | 8,990 |
| Assigned - capital reserve | 646,004 | - | - | 646,004 |
| Unassigned | 566,478 | (9,056,535) | - | (8,490,057) |
| Total Fund Balances | 1,270,736 | (9,056,535) | 8,990 | (7,776,809) |
| Total Liabilities and Fund Balances | \$ 1,346,110 | \$ 920,620 | \$ 8,990 | \$ 2,275,720 |

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, 2021**

| | |
|---|-----------------------------|
| Total Governmental Fund Balances | \$ (7,776,809) |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets, construction in progress (\$53,276,651), recreational facilities (\$2,076,422), and equipment (\$49,267), net of accumulated depreciation (\$(910,026)), used in governmental activities are not financial resources and, therefore, are not reported at the governmental fund level. | 54,492,314 |
| Long-term liabilities, bonds payable, are not due and payable in the current period and, therefore, are not reported at the governmental fund level. | (13,030,000) |
| Accrued interest expense for long-term debt is not a current financial use and, therefore, is not reported at the governmental fund level. | <u>(463,464)</u> |
| Net Position of Governmental Activities | <u><u>\$ 33,222,041</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, 2021

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|-----------------------------------|---------------------|-----------------------|---------------------|--------------------------------|
| Revenues | | | | |
| Special assessments | \$ 1,453,234 | \$ 716,266 | \$ - | \$ 2,169,500 |
| Investment income | 149 | 237 | 1 | 387 |
| SPE contributions | - | 13,984 | - | 13,984 |
| Miscellaneous | 59,770 | - | - | 59,770 |
| | <u>1,513,153</u> | <u>730,487</u> | <u>1</u> | <u>2,243,641</u> |
| Total Revenues | | | | |
| Expenditures | | | | |
| Current | | | | |
| General government | 162,784 | 20,483 | - | 183,267 |
| Physical environment | 702,482 | - | - | 702,482 |
| Culture/recreation | 370,732 | - | - | 370,732 |
| Debt service | | | | |
| Principal | - | 400,000 | - | 400,000 |
| Interest | - | 1,131,029 | - | 1,131,029 |
| | <u>1,235,998</u> | <u>1,551,512</u> | <u>-</u> | <u>2,787,510</u> |
| Total Expenditures | | | | |
| Net Change in Fund Balance | 277,155 | (821,025) | 1 | (543,869) |
| Fund Balances - Beginning of Year | <u>993,581</u> | <u>(8,235,510)</u> | <u>8,989</u> | <u>(7,232,940)</u> |
| Fund Balances - End of Year | <u>\$ 1,270,736</u> | <u>\$ (9,056,535)</u> | <u>\$ 8,990</u> | <u>\$ (7,776,809)</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, 2021

| | |
|--|----------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (543,869) |
| 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 of current year depreciation. | (79,599) |
| 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. | 400,000 |
| 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. | <u>9,119</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ (214,349)</u></u> |

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, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Special assessments | \$ 1,383,168 | \$ 1,383,168 | \$ 1,453,234 | \$ 70,066 |
| Investment income | - | - | 149 | 149 |
| Miscellaneous | - | - | 59,770 | 59,770 |
| Total Revenues | <u>1,383,168</u> | <u>1,383,168</u> | <u>1,513,153</u> | <u>129,985</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 148,426 | 148,426 | 162,784 | (14,358) |
| Physical environment | 803,907 | 803,907 | 702,482 | 101,425 |
| Culture/recreation | 530,835 | 530,835 | 370,732 | 160,103 |
| Total Expenditures | <u>1,483,168</u> | <u>1,483,168</u> | <u>1,235,998</u> | <u>247,170</u> |
| Net Change in Fund Balances | (100,000) | (100,000) | 277,155 | 377,155 |
| Fund Balances - Beginning of Year | <u>100,000</u> | <u>100,000</u> | <u>993,581</u> | <u>893,581</u> |
| Fund Balances - End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,270,736</u> | <u>\$ 1,270,736</u> |

See accompanying notes to financial statements.

Meadow Pointe IV Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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 of, among others, 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, Florida Statutes.

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, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, 2021

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, 2021

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, 2021

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 Fund 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, 2021

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 depreciable capital assets range from 10 to 30 years for recreational facilities and 5 to 10 years for equipment.

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, 2021

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, 2021, the District's bank balance was \$1,333,293 and the carrying value was \$1,287,856. 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, 2021, the District had the following investments and maturities:

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> |
|------------------------------------|-------------------|-------------------|
| Fidelity Government Portfolio | 30 Days* | \$ 82,977 |
| First American Treasury Obligation | 13 Days* | 825,577 |
| Total | | <u>\$ 908,554</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 investment listed above are Level 1 asset.

Meadow Pointe IV Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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, 2021, the District's investment First American Treasury Obligation and Fidelity Government Portfolio were rated AAAM by Standard & Poor's.

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 represent 91% of the District's total investments. The investments in Fidelity Government Portfolio represent 9% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2021 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, 2021 was as follows:

| | Balance October 1, 2020 | Additions | Disposals | Balance September 30, 2021 |
|---|-------------------------------|--------------------|-------------|----------------------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 53,276,651 | \$ - | \$ - | \$ 53,276,651 |
| Capital assets, being depreciated: | | | | |
| Recreational facilities | 2,076,422 | - | - | 2,076,422 |
| Equipment | 49,267 | - | - | 49,267 |
| Total capital assets, being depreciated | <u>2,125,689</u> | <u>-</u> | <u>-</u> | <u>2,125,689</u> |
| Less accumulated depreciation for: | | | | |
| Recreational facilities | (813,250) | (74,112) | - | (887,362) |
| Equipment | (17,177) | (5,487) | - | (22,664) |
| Total accumulated depreciation | <u>(830,427)</u> | <u>(79,599)</u> | <u>-</u> | <u>(910,026)</u> |
| Total Capital Assets Depreciated, Net | <u>1,295,262</u> | <u>(79,599)</u> | <u>-</u> | <u>1,215,663</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 54,571,913</u> | <u>\$ (79,599)</u> | <u>\$ -</u> | <u>\$ 54,492,314</u> |

Current year depreciation of \$79,599 was charged to culture and recreation.

Meadow Pointe IV Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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, 2021. Total principal remaining in the Series 2004 Revenue Bonds at September 30, 2021 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 unpaid portion, \$2,765,000 is included in matured bonds payable.

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, 2021

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 May 1, 2038. Total principal remaining in the Series 2007A Revenue Bonds at September 30, 2021 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 remaining unexchanged portion of Series 2005B, \$1,800,000 is included in matured bonds payable.

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 2012B-1 Bonds were fully redeemed in November 2019.

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, 2021

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, 2021.

Total principal remaining in the Series 2012 Bonds at September 30, 2021 is \$4,340,000.

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. The Series 2014B Bonds were fully redeemed in November 2019. 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, 2021.

Total principal remaining in the Series 2014 Bonds at September 30, 2021 is \$830,000.

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, 2021.

Total principal remaining on the Series 2015 Capital Improvement Revenue Refunding Bonds at September 30, 2021, is \$1,735,000.

Meadow Pointe IV Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE D – LONG-TERM DEBT (CONTINUED)

Changes in long-term liability activity for the fiscal year ended September 30, 2021 were as follows:

| | Balance October 1, 2020 | Reductions | Balance September 30, 2021 |
|-----------------------|-------------------------------|---------------------|----------------------------------|
| Government Activities | | | |
| Series 2004A | \$ 3,120,000 | \$ - | \$ 3,120,000 |
| Series 2007A | 3,005,000 | - | 3,005,000 |
| Series 2012A-1 | 1,520,000 | (80,000) | 1,440,000 |
| Series 2012A-2 | 2,995,000 | (95,000) | 2,900,000 |
| Series 2014A | 940,000 | (110,000) | 830,000 |
| Series 2015 | 1,850,000 | (115,000) | 1,735,000 |
| Totals | <u>\$ 13,430,000</u> | <u>\$ (400,000)</u> | <u>\$ 13,030,000</u> |

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2021 are as follows:

Series 2004A

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|---------------------|---------------------|---------------------|
| 2022 | \$ - | \$ 187,200 | \$ 187,200 |
| 2023 | - | 187,200 | 187,200 |
| 2024 | - | 187,200 | 187,200 |
| 2025 | - | 187,200 | 187,200 |
| 2026 | - | 187,200 | 187,200 |
| 2027-2031 | - | 936,000 | 936,000 |
| 2032-2036 | - | 936,000 | 936,000 |
| 2037 | 3,120,000 | 93,600 | 3,213,600 |
| Totals | <u>\$ 3,120,000</u> | <u>\$ 2,901,600</u> | <u>\$ 6,021,600</u> |

Meadow Pointe IV Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE D – LONG-TERM DEBT (CONTINUED)

Series 2007A

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|---------------------|---------------------|---------------------|
| 2022 | \$ - | \$ 187,812 | \$ 187,812 |
| 2023 | - | 187,812 | 187,812 |
| 2024 | - | 187,812 | 187,812 |
| 2025 | - | 187,812 | 187,812 |
| 2026 | - | 187,812 | 187,812 |
| 2027-2031 | - | 939,063 | 939,063 |
| 2032-2036 | - | 939,063 | 939,063 |
| 2037-2039 | 3,005,000 | 469,532 | 3,474,532 |
| Totals | <u>\$ 3,005,000</u> | <u>\$ 3,286,718</u> | <u>\$ 6,291,718</u> |

Series 2012A-1

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|---------------------|-------------------|---------------------|
| 2022 | \$ 60,000 | \$ 86,400 | \$ 146,400 |
| 2023 | 65,000 | 82,800 | 147,800 |
| 2024 | 70,000 | 78,900 | 148,900 |
| 2025 | 75,000 | 74,700 | 149,700 |
| 2026 | 80,000 | 70,200 | 150,200 |
| 2027-2031 | 475,000 | 273,000 | 748,000 |
| 2032-2036 | 615,000 | 113,400 | 728,400 |
| Totals | <u>\$ 1,440,000</u> | <u>\$ 779,400</u> | <u>\$ 2,219,400</u> |

Series 2012A-2

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|---------------------|---------------------|---------------------|
| 2022 | \$ 100,000 | \$ 181,250 | \$ 281,250 |
| 2023 | 105,000 | 175,000 | 280,000 |
| 2024 | 110,000 | 168,437 | 278,437 |
| 2025 | 120,000 | 161,563 | 281,563 |
| 2026 | 125,000 | 154,063 | 279,063 |
| 2027-2031 | 775,000 | 640,625 | 1,415,625 |
| 2032-2036 | 1,050,000 | 365,938 | 1,415,938 |
| 2037-2038 | 515,000 | 48,750 | 563,750 |
| Totals | <u>\$ 2,900,000</u> | <u>\$ 1,895,626</u> | <u>\$ 4,795,626</u> |

Meadow Pointe IV Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE D – LONG-TERM DEBT (CONTINUED)

Series 2014A

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|-------------------|-------------------|---------------------|
| 2022 | \$ 35,000 | \$ 60,175 | \$ 95,175 |
| 2023 | 40,000 | 57,637 | 97,637 |
| 2024 | 40,000 | 54,738 | 94,738 |
| 2025 | 45,000 | 51,838 | 96,838 |
| 2026 | 45,000 | 48,575 | 93,575 |
| 2027-2031 | 300,000 | 186,688 | 486,688 |
| 2032-2034 | 325,000 | 61,263 | 386,263 |
| Totals | <u>\$ 830,000</u> | <u>\$ 520,914</u> | <u>\$ 1,350,914</u> |

Series 2015

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|---------------------|-------------------|---------------------|
| 2022 | \$ 105,000 | \$ 67,752 | \$ 172,752 |
| 2023 | 110,000 | 64,865 | 174,865 |
| 2024 | 115,000 | 61,345 | 176,345 |
| 2025 | 115,000 | 57,435 | 172,435 |
| 2026 | 120,000 | 53,525 | 173,525 |
| 2027-2031 | 685,000 | 189,315 | 874,315 |
| 2032-2034 | 485,000 | 41,160 | 526,160 |
| Totals | <u>\$ 1,735,000</u> | <u>\$ 535,397</u> | <u>\$ 2,270,397</u> |

Meadow Pointe IV Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE D – LONG-TERM DEBT (CONTINUED)

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.

| | <u>Capital Improvement Bonds</u> | |
|---|----------------------------------|--------------------------------|
| | <u>Reserve Balance</u> | <u>Reserve Requirement</u> |
| Series 2012A-1 Convertible Capital Appreciation Bonds | \$ 149,440 | \$ 147,850 |
| Series 2012A-2 Convertible Capital Appreciation Bonds | \$ 279,294 | \$ 278,906 |
| Series 2014A Convertible Capital Appreciation Bonds | \$ 106,879 | \$ 68,792 |
| Series 2015 Capital Improvement Revenue Bonds | \$ 87,848 | \$ 82,500 |

Meadow Pointe IV Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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 \$13,984 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 – 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's claims filed under this policy have not exceeded commercial coverage over the past three years.



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INDEPENDENT AUDITORS' 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2022.

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 (internal control) as a basis for designing 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.

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 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 May 9, 2022.

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 PL
Fort Pierce, Florida

May 9, 2022



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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, 2021, and have issued our report thereon dated May 9, 2022. 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 May 9, 2022, 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, 2021, the District remains 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).

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 portions of the Series 2004, 2005, and 2007 bonds were exchanged for Series 2012A-1 and A-2 bonds, the un-exchanged portions 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 a 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, 2021.

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, 2021.

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.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2021 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.

Specific Information

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c) and Section 218.32(1)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Meadow Pointe IV Community Development District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: N/A
- 2) The total number of independent contractors to whom nonemployee compensation, defined as individuals or entities that receive 1099s, was paid in the last month of the District's fiscal year: 5
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: N/A
- 4) All compensation earned by or awarded to nonemployee independent contractors, defined as entities or individuals that receive 1099s, whether paid or accrued, regardless of contingency: \$47,626
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2020, together with the total expenditures for such project: The District had no construction projects during the year.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The FY 2021 budget was not amended.

To the Board of Commissioners
Meadow Pointe IV Community Development District

As required by Section 218.39(3)(c) and Section 218.32(1)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Meadow Pointe IV Community Development District reported:

- 7) The rate or rates of non-ad valorem special assessments imposed by the District: General Fund \$1,653.98 - \$1,769.63 and Debt Service \$538.48 - \$1,125.00.
- 8) The amount of special assessments collected by or on behalf of the District: \$410,086
- 9) The total amount of outstanding bonds issued by the District and the terms of such bonds: \$13,030,000 bonds outstanding.

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*

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Certified Public Accountants PL
Fort Pierce, Florida

May 9, 2022



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**INDEPENDENT ACCOUNTANTS' 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, 2021. 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, 2021.

*Berger Toombs Elam
Gaines & Frank*

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

May 9, 2022