

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
Weld County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2022

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Shaklee Centre Metropolitan District No. 1
Weld County, Colorado

Opinions

We have audited the financial statements of the governmental activities and each major fund of Shaklee Centre Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Fiscal Focus Partners, LLC

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary and other information (together, the information) as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
July 10, 2023

BASIC FINANCIAL STATEMENTS

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments	\$ 4,207,300
Cash and Investments - Restricted	34,100
Receivable - County Treasurer	4,497
Prepaid Expenses	2,076
Property Taxes Receivable	1,364,020
Capital Assets, Not Being Depreciated	158,276
Total Assets	5,770,269
LIABILITIES	
Accounts Payable	5,243
Total Liabilities	5,243
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,364,020
Total Deferred Inflows of Resources	1,364,020
NET POSITION	
Restricted for:	
Emergency Reserves	34,100
Unrestricted	4,208,630
Total Net Position	\$ 4,401,006

See accompanying Notes to Basic Financial Statements.

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 87,869	\$ -	\$ -	\$ -	\$ (87,869)
Total Governmental Activities	\$ 87,869	\$ -	\$ -	\$ -	(87,869)
 GENERAL REVENUES					
Property Taxes					1,067,906
Specific Ownership Taxes					63,204
Net Investment Income					50,489
Total General Revenues					1,181,599
 CHANGE IN NET POSITION					
Net Position - Beginning of Year					3,307,276
 NET POSITION - END OF YEAR					
					\$ 4,401,006

See accompanying Notes to Basic Financial Statements.

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 240,055	\$ 3,967,245	\$ 4,207,300
Cash and Investments - Restricted	34,100	-	34,100
Receivable - County Treasurer	4,497	-	4,497
Prepaid Expenses	2,076	-	2,076
Property Taxes Receivable	1,364,020	-	1,364,020
Total Assets	\$ 1,644,748	\$ 3,967,245	\$ 5,611,993
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 4,907	\$ 336	\$ 5,243
Total Liabilities	4,907	336	5,243
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	1,364,020	-	1,364,020
Total Deferred Inflows of Resources	1,364,020	-	1,364,020
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	2,076	-	2,076
Restricted for:			
Emergencies (TABOR)	34,100	-	34,100
Committed to:			
Assigned	-	3,966,909	3,966,909
Unassigned	239,645	-	239,645
Total Fund Balances	275,821	3,966,909	4,242,730
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,644,748	\$ 3,967,245	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital Assets, Net			158,276
Net Position of Governmental Activities			\$ 4,401,006

See accompanying Notes to Basic Financial Statements.

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property Taxes	\$ 1,067,906	\$ -	\$ 1,067,906
Specific Ownership Taxes	63,204	-	63,204
Net Investment Income	2,945	47,544	50,489
Total Revenues	1,134,055	47,544	1,181,599
EXPENDITURES			
Current:			
Accounting	20,345	1,832	22,177
Auditing	5,200	-	5,200
County Treasurer's Fees	16,019	-	16,019
Election Costs	2,753	-	2,753
Dues and Licenses	362	-	362
Engineering	-	12,612	12,612
Insurance and Bonds	2,024	-	2,024
Legal	24,988	963	25,951
Miscellaneous	771	-	771
Capital Outlay	-	158,276	158,276
Total Expenditures	72,462	173,683	246,145
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,061,593	(126,139)	935,454
OTHER FINANCING SOURCES (USES)			
Transfers (to) from Other Funds	(1,000,000)	1,000,000	-
Total Other Financing Sources (Uses)	(1,000,000)	1,000,000	-
NET CHANGE IN FUND BALANCES	61,593	873,861	935,454
Fund Balances - Beginning of Year	214,228	3,093,048	3,307,276
FUND BALANCES - END OF YEAR	\$ 275,821	\$ 3,966,909	\$ 4,242,730

See accompanying Notes to Basic Financial Statements.

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ 935,454

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay 158,276

Changes in Net Position of Governmental Activities \$ 1,093,730

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,067,906	\$ 1,067,906	\$ -
Specific Ownership Taxes	53,395	63,204	9,809
Net Investment Income	195	2,945	2,750
Total Revenues	<u>1,121,496</u>	<u>1,134,055</u>	<u>12,559</u>
EXPENDITURES			
Current:			
Accounting	25,000	20,345	4,655
Auditing	-	5,200	(5,200)
County Treasurer's Fees	16,019	16,019	-
Dues and Licenses	550	362	188
Election Expense	2,000	2,753	(753)
Insurance and Bonds	2,125	2,024	101
Legal	60,000	24,988	35,012
Management	10,000	-	10,000
Miscellaneous	500	771	(271)
Contingency	3,806	-	3,806
Total Expenditures	<u>120,000</u>	<u>72,462</u>	<u>47,538</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,001,496	1,061,593	60,097
OTHER FINANCING SOURCES (USES)			
Transfer to Other Funds	(1,000,000)	(1,000,000)	-
Total Other Financing Sources (Uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,496	61,593	60,097
Fund Balance - Beginning of Year	<u>194,167</u>	<u>214,228</u>	<u>20,061</u>
FUND BALANCE - END OF YEAR	<u>\$ 195,663</u>	<u>\$ 275,821</u>	<u>\$ 80,158</u>

See accompanying Notes to Basic Financial Statements.

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

Shaklee Centre Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Order and Decree of the District Court of Weld County, Colorado on June 7, 2016, to provide financing for design, acquisition, construction and installation of essential public-purpose facilities such as water, sanitation, streets, traffic and safety controls, mosquito control, covenant enforcement, and the operation and maintenance of the District. The District's service area is located north of Weld County Road 16, south of Weld County Road 18½, east of Weld County Road 45½, and west of Weld County Road 49, in the town of Hudson, in the County of Weld, state of Colorado.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

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

Property Taxes

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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

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

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 4,207,300
Cash and Investments - Restricted	34,100
Total Cash and Investments	<u>\$ 4,241,400</u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 27,586
Investments	4,213,814
Total Cash and Investments	<u>\$ 4,241,400</u>

Deposits with Financial Institutions

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

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

At December 31, 2022, the District's cash deposits had a bank balance of \$36,336 and a carrying balance of \$27,586.

Investments

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

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

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

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund (CSAFE)	Weighted-Average Under 60 Days	\$ 4,213,814

CSAFE

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

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

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

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals.

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ -	\$ 158,276	\$ -	\$ 158,276
Total Capital Assets, Not Being Depreciated	<u>\$ -</u>	<u>\$ 158,276</u>	<u>\$ -</u>	<u>\$ 158,276</u>

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022 as follows:

Restricted Net Position:	
Emergencies	<u>\$ 34,100</u>

The District's unrestricted net position as of December 31, 2022 totaled \$4,208,630.

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 LONG-TERM OBLIGATIONS

Authorized Debt

On May 3, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$4,875,000,000 at an interest rate not to exceed 18.00% per annum. At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 3, 2016	Authorized But Unissued
Street Improvements	\$ 325,000,000	\$ 325,000,000
Parks and Recreation	325,000,000	325,000,000
Treatment Works	325,000,000	325,000,000
Sanitation	325,000,000	325,000,000
Transportation	325,000,000	325,000,000
Mosquito Control	325,000,000	325,000,000
Safety Protection	325,000,000	325,000,000
Fire Protection	325,000,000	325,000,000
Television Relay and Translation	325,000,000	325,000,000
Security	325,000,000	325,000,000
Debt Refunding	325,000,000	325,000,000
Debt Refinancing	325,000,000	325,000,000
Debt Multiple Year Obligations	325,000,000	325,000,000
Telephone Satellite Fiber Optic	325,000,000	325,000,000
Directional Drilling	325,000,000	325,000,000
Total	<u>\$4,875,000,000</u>	<u>\$4,875,000,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$325,000,000, provided that the amount shall not include the principal amount of debt which has been refunded by the issuance of refunding debt, nor shall it include any debt incurred by way of intergovernmental agreement.

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District is C C Open A, LLC. The majority of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Operation Funding Agreement

The District entered into an Operation Funding Agreement, effective June 29, 2016 (OFA), to repay advances made by the Developer for operations and maintenance costs. The District agreed to repay C C Open A, LLC (Developers) for such costs plus accrued interest at the rate of 8% per annum. The OFA was terminated on March 15, 2022.

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 RELATED PARTY (CONTINUED)

Facilities Funding and Acquisition Agreement

The District entered into a Facilities Funding and Acquisition Agreement, effective June 29, 2016 (FFAA), to repay advances made by the Developer for organization costs. The District agreed to repay C C Open A, LLC (Developers) for such costs plus accrued interest at the rate of 8% per annum. The FFAA was terminated on March 15, 2022.

Letter Agreement with C C Open A, LLC

The District entered into a Letter Agreement with C C Open A, LLC dated March 15, 2022 ("C C Open A Letter Agreement"), which documented Developer Advances to the District in the amount of \$123,582 by C C Open A, LLC ("C C Open A") related to Public Improvements, Construction Related Expenses, and O&M Expenses. The Developer Advances were verified by the District's independent engineer, pursuant to which the District reimbursed C C Open A.

Letter Agreement with Barth Enterprises, Inc.

The District entered into a Letter Agreement with Barth Enterprises, Inc. dated March 15, 2022 ("Barth Letter Agreement"), which documented Developer Advances to the District in the amount of \$29,425 by Barth Enterprises, Inc. ("Barth") related to Public Improvements, Construction Related Expenses, and O&M Expenses. The Developer Advances were verified by the District's independent engineer, pursuant to which the District reimbursed Barth.

Letter Agreement with 1320 Enterprises, Inc.

The District entered into a Letter Agreement with 1320 Enterprises, Inc. dated March 15, 2022 ("1320 Letter Agreement"), which documented Developer Advances to the District in the amount of \$5,270 by 1320 Enterprises, Inc. ("1320") related to Public Improvements, Construction Related Expenses, and O&M Expenses. The Developer Advances were verified by the District's independent engineer, pursuant to which the District reimbursed 1320.

NOTE 8 INTERFUND AND OPERATING TRANSFERS

The transfer from the General Fund to the Capital Projects Fund was for the purpose of funding future public infrastructure costs.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 RISK MANAGEMENT (CONTINUED)

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

NOTE 10 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 3, 2016, the Electors of the District authorized the District to collect, spend, and retain all revenues, other than ad valorem taxes, without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. Additionally, the District voters approved authorization to increase property taxes up to \$325,000,000 annually to pay for the administration, operations, maintenance, and capital expenditures of the District, and to issue debt in the amount of \$325,000,000 to fund each of the following items: street improvements, water improvements, sanitation improvements, park and recreation improvements, fire protection improvements, transportation improvements, mosquito control improvements, television relay and translation improvements, security improvements, intergovernmental agreements, refunding, incremental directional drilling improvements, and nonresidential telephone service.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ -	\$ 47,544	\$ 47,544
Total Revenues	-	47,544	47,544
EXPENDITURES			
Accounting	-	1,832	(1,832)
Capital Outlay	4,100,000	158,276	3,941,724
Engineering	-	12,612	(12,612)
Legal	-	963	(963)
Total Expenditures	4,100,000	173,683	3,926,317
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,100,000)	(126,139)	3,973,861
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	1,000,000	1,000,000	-
Total Other Financing Sources	1,000,000	1,000,000	-
CHANGE IN NET POSITION	(3,100,000)	873,861	3,973,861
Fund Balance - Beginning of Year	3,100,000	3,093,048	(6,952)
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 3,966,909</u>	<u>\$ 3,966,909</u>

OTHER INFORMATION

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy Note	Mills Levied		Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2018	\$ 563,890	50.000	0.000	\$ 28,195	\$ 28,195	100.00 %
2019	674,000	50.000	0.000	33,700	30,649	90.95
2020	855,130	50.000	0.000	42,757	42,757	100.00
2021	65,221,300	50.000	0.000	3,261,065	3,261,065	100.00
2022	21,358,110	50.000	0.000	1,067,906	1,067,906	100.00
Estimated for Year Ending December 31, 2023	\$ 27,280,400	50.000	0.000	\$ 1,364,020		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.