

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
Douglas County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
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YEAR ENDED DECEMBER 31, 2023**

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Castle Pines Commercial Metropolitan District No. 4
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Castle Pines Commercial Metropolitan District No. 4 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Daggio & Associates, P.C.

September 4, 2024

BASIC FINANCIAL STATEMENTS

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 54,110
Cash and Investments - Restricted	137,564
Receivable from County Treasurer	1,202
Property Taxes Receivable	<u>280,708</u>
Total Assets	<u>473,584</u>
LIABILITIES	
Accounts Payable	8,212
Accrued Interest Payable	13,032
Noncurrent Liabilities:	
Due Within One Year	90,000
Due in More Than One Year	<u>4,395,908</u>
Total Liabilities	<u>4,507,152</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Taxes	<u>280,708</u>
Total Deferred Inflows of Resources	<u>280,708</u>
NET POSITION	
Restricted for:	
Emergency Reserves	2,700
Debt Service	122,559
Unassigned	<u>(4,439,535)</u>
Total Net Position	<u><u>\$ (4,314,276)</u></u>

See accompanying Notes to Basic Financial Statements.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 71,315	\$ -	\$ -		\$ (71,315)
Interest and Related Costs on Long-Term Debt	164,189	-	-	116,617	(47,572)
Total Governmental Activities	<u>\$ 235,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,617</u>	<u>(118,887)</u>
GENERAL REVENUES					
Property Taxes				200,599	
Specific Ownership Taxes				18,591	
Net Investment Income				10,265	
Total General Revenues				<u>229,455</u>	
CHANGE IN NET POSITION					110,568
Net Position - Beginning of Year					<u>(4,424,844)</u>
NET POSITION - END OF YEAR					<u>\$ (4,314,276)</u>

See accompanying Notes to Basic Financial Statements.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 54,110	\$ -	\$ 54,110
Cash and Investments - Restricted	2,700	134,864	137,564
Receivable from County Treasurer	475	727	1,202
Property Taxes Receivable	97,601	183,107	280,708
 Total Assets	\$ 154,886	\$ 318,698	\$ 473,584
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 8,212	\$ -	\$ 8,212
Total Liabilities	8,212	-	8,212
 DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	97,601	183,107	280,708
Total Deferred Inflows of Resources	97,601	183,107	280,708
 FUND BALANCES			
Restricted for:			
Emergency Reserves	2,700	-	2,700
Debt Service	-	135,591	135,591
Assigned	-	-	-
Unassigned	46,373	-	46,373
Total Fund Balances	49,073	135,591	184,664
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 154,886	\$ 318,698	

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

Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Loan Payable	(4,320,000)
Accrued Interest Payable	(13,032)
Developer Advance Payable	(158,100)
Developer Advance Interest Payable	(7,808)
	(4,608,940)

Net Position of Governmental Activities	\$ (4,314,276)
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See accompanying Notes to Basic Financial Statements.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 79,225	\$ 79,294	\$ 69
Specific Ownership Tax	7,130	7,349	219
Net Investment Income	552	2,710	2,158
Total Revenues	<u>86,907</u>	<u>89,353</u>	<u>2,446</u>
EXPENDITURES			
Current:			
Accounting	20,000	20,087	(87)
Auditing	4,500	4,900	(400)
County Treasurer's Fee	1,188	1,191	(3)
District Management	20,000	10,804	9,196
Dues and Licenses	1,100	343	757
Election Expense	2,000	1,585	415
Insurance and Bonds	7,500	6,338	1,162
Landscaping	10,000	3,285	6,715
Legal Services	25,000	22,752	2,248
Snow removal	3,000	-	3,000
Contingency	2,212	-	2,212
Total Expenditures	<u>96,500</u>	<u>71,285</u>	<u>25,215</u>
NET CHANGE IN FUND BALANCE	(9,593)	18,068	27,661
Fund Balance - Beginning of Year	<u>29,032</u>	<u>31,005</u>	<u>1,973</u>
FUND BALANCE - END OF YEAR	<u>\$ 19,439</u>	<u>\$ 49,073</u>	<u>\$ 29,634</u>

See accompanying Notes to Basic Financial Statements.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
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, 2023**

Net Change in Fund Balances - Governmental Funds	\$	28,474
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Amounts reported for governmental activities in the statement of activities are different because:

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

Loan Principal Payment		85,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advances - Change in Liability		(3,162)
Accrued Interest on Loan - Change in Liability		256

Change in Net Position of Governmental Activities	\$	<u>110,568</u>
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**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 79,225	\$ 79,294	\$ 69
Specific Ownership Tax	7,130	7,349	219
Net Investment Income	552	2,710	2,158
Total Revenues	86,907	89,353	2,446
EXPENDITURES			
Current:			
Accounting	20,000	20,087	(87)
Auditing	4,500	4,900	(400)
County Treasurer's Fee	1,188	1,191	(3)
District Management	20,000	10,804	9,196
Dues and Licenses	1,100	343	757
Election Expense	2,000	1,585	415
Insurance and Bonds	7,500	6,338	1,162
Landscaping	10,000	3,285	6,715
Legal Services	25,000	22,752	2,248
Snow removal	3,000	-	3,000
Contingency	2,212	-	2,212
Total Expenditures	96,500	71,285	25,215
NET CHANGE IN FUND BALANCE	(9,593)	18,068	27,661
Fund Balance - Beginning of Year	29,032	31,005	1,973
FUND BALANCE - END OF YEAR	\$ 19,439	\$ 49,073	\$ 29,634

See accompanying Notes to Basic Financial Statements.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Castle Pines Commercial Metropolitan District No. 4 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was formed pursuant to an Order and Decree of the Douglas County District Court issued on March 25, 1987. Formation of the District was preceded by the approval by the Town of Castle Rock of a Consolidated Service Plan for Castle Pines Commercial Metropolitan Districts Nos. 1 – 5 in January 1987, as amended by an Amended and Restated Consolidated Service Plan for Castle Pines Commercial Metropolitan Districts Nos. 1, 3 and 4 dated January 6, 2015, and approved by the Town Council on the same date. The District's service area is located entirely in Douglas County, 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 has no employees, and all operations and administrative functions are contracted.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation, if any, is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

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

Property Taxes

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

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

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 assets 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.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 54,110
Cash and Investments - Restricted	137,564
Total Cash and Investments	\$ 191,674

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

Deposits with Financial Institutions	\$ 9,404
Investments	182,270
Total Cash and Investments	\$ 191,674

Deposits with Financial Institutions

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

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

At December 31, 2023, the District's cash deposits had a bank and carrying balance of \$9,404.

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.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	\$ 182,270

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE 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.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022	Due Within One Year
Governmental Activities:					
General Obligation Loan Payable					
G.O. Refunding Loan					
Series 2022	\$ 4,405,000	\$ -	\$ 85,000	\$ 4,320,000	\$ 90,000
Notes from Direct Borrowings and					
Direct Placements:					
Developer Advance Operating	158,100	-	-	158,100	-
Accrued Interest - Developer					
Advance	4,646	3,162	-	7,808	-
Total	<u>\$ 4,567,746</u>	<u>\$ 3,162</u>	<u>\$ 85,000</u>	<u>\$ 4,485,908</u>	<u>\$ 90,000</u>

The details of the District's long-term obligations are as follows:

\$4,545,000 Limited Tax General Obligation Refunding Loan, Series 2022, dated April 21, 2022 (the Series 2022 Loan), with interest of 3.62%, payable semi-annually on June 1 and December 1, beginning on June 1, 2022. Principal payments are due on December 1, beginning on December 1, 2022. The Series 2022 Loan matures on December 1, 2042, and is subject to redemption prior to maturity, at the option of the District, on June 1, 2029, and on any date thereafter, upon payment of par, and accrued interest thereon, without redemption premium.

The Series 2022 Loan was issued for the following purposes: (i) to refund and pay the outstanding principal of \$5,245,000 of the Castle Pines Commercial Pines Metropolitan District No. 1 (CPCMD #1) Limited Tax Supported Revenue Bonds, Series 2015; (ii) to fund a Loan Payment Fund and; (iii) pay the costs of issuing the Series 2022 Loan.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2022 Loan is secured by and payable from Pledged Revenue consisting of monies derived by the District from the following sources, net of any costs of collection: (i) Property Tax Revenues derived from the imposition by the District and Castle Pines Commercial Metropolitan District No. 3 (District No. 3) (the Taxing Districts) of the Required Mill Levy and any other debt service mill levies imposed by the Taxing Districts, and payable to the District in accordance with the Capital Pledge Agreement; (ii) Specific Ownership Tax Revenues collected as a result of the imposition of the mill levies in (i) and; (iii) any other legally available monies which the District determines, in its absolute discretion, to credit to the Bond Fund.

The Series 2022 Loan Agreement requires that a Required Mill Levy be imposed by the Taxing Districts in accordance with the Capital Pledge Agreement (see note 7).

The annual obligations related to the long-term debt and maturity are as follows:

<u>Year Ending December 31,</u>	Series 2022 Loan		
	Principal	Interest	Total
2024	\$ 90,000	\$ 156,384	\$ 246,384
2025	95,000	153,126	248,126
2026	95,000	149,687	244,687
2027	100,000	146,248	246,248
2028	105,000	142,628	247,628
2029-2033	575,000	654,315	1,229,315
2034-2038	675,000	543,000	1,218,000
2039-2042	2,585,000	340,823	2,925,823
Total	<u>\$ 4,320,000</u>	<u>\$ 2,286,211</u>	<u>\$ 6,606,211</u>

Authorized Debt

On November 4, 2014, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$160,000,000 at an interest rate not to exceed 18% per annum.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

	Authorized November 4, 2014 Election	Authorization Used Series 2022 Loan	Authorization Remaining
In-District Special Assessment Debt	\$ 10,000,000	\$ -	\$ 10,000,000
Streets	10,000,000	-	10,000,000
Parks and Recreation	10,000,000	-	10,000,000
Water	10,000,000	-	10,000,000
Sanitation and Storm Drainage	10,000,000	-	10,000,000
Public Transportation	10,000,000	-	10,000,000
Mosquito Control	10,000,000	-	10,000,000
Safety Protection	10,000,000	-	10,000,000
Fire Protection	10,000,000	-	10,000,000
Television Relay and Translation	10,000,000	-	10,000,000
Security	10,000,000	-	10,000,000
Operations and Maintenance	10,000,000	-	10,000,000
Refunding Debt	10,000,000	4,545,000	5,455,000
District Intergovernmental Agreements as Debt	10,000,000	-	10,000,000
District Private Agreements as Debt	10,000,000	-	10,000,000
Mortgages (Principal)	10,000,000	-	10,000,000
Total	<u>\$ 160,000,000</u>	<u>\$ 4,545,000</u>	<u>\$ 155,455,000</u>

Per the Service Plan, the net proceeds of the District Bonds that the District shall be permitted to issue shall not exceed \$12,000,000 including costs of issuance, pre-financing costs, capitalized interest and reasonably required reserve amounts. The District Debt Service mill levy shall not exceed 50 mills (as adjusted) and an Operations mill levy not to exceed 15 mills.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

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, 2023 as follows:

Restricted Net Position:	
Emergencies	\$ 2,700
Debt Service	122,559
Total Restricted Net Position	<u>\$ 125,259</u>

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 6 RELATED PARTY

All members of the Board of Directors are owners, employees, or are otherwise associated with Promenade Castle Rock, LLC. (Developer). Therefore, the members may have conflicts of interest with respect to certain transactions that come before the Board.

NOTE 7 AGREEMENTS

Capital Pledge Agreement

On April 21, 2022, the District entered into a Capital Pledge Agreement with District No.3 to provide for the payment of the Series 2022 Loan, and any Refunding Obligations. The Taxing Districts agree to levy an ad valorem property tax on all taxable property in each Taxing District, in addition to all other taxes, and direct the annual taxes each year to the District so long as the Series 2022 Loan, any Refunding Obligations remain outstanding or any obligation under any Reimbursement Agreement related to such obligations remains unpaid, in the amount of the applicable Required Mill Levy as determined by the District.

The Required Mill Levy, as defined in the Capital Pledge Agreement, is an amount to be determined by the District, in consultation with District No. 3, which, if imposed by both of the Taxing Districts for collection in the succeeding Fiscal Year, would generate Property Tax Revenues equal to the Annual Debt Requirements for such Fiscal Year, but not in excess of the lesser of:

(i) the number of mills which, if imposed by District No. 3, is projected to generate Property Tax Revenues and Specific Ownership Tax Revenues in the succeeding Fiscal Year equal to \$150,000, assuming: (A) for purposes of projecting Property Tax Revenues, the deduction of County collection fees at the then-applicable rate; and (B) for purposes of projecting Specific Ownership Tax Revenues, that Specific Ownership Tax Revenues will equal 6.00% of the projected Property Tax Revenues (prior to deduction of County collection costs); or (ii) 50 mills; provided, however, that in the event that the method of calculating assessed valuation is changed after January 1, 2015, such maximum mill levy of 50 mills provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Funding and Reimbursement Agreement (Operations and Maintenance)

The District and the Developer entered into a Funding and Reimbursement Agreement (Operations and Maintenance) (the Agreement) on April 12, 2022, for the purpose of funding operations and maintenance costs. The Developer agreed to loan to the District one or more sums of money, not to exceed an aggregate of \$250,000 (the Maximum Loan Amount) through December 31, 2023 (the Loan Obligation Termination Date). Thereafter, the Loan Obligation Termination Date will automatically extend for additional one (1) year terms unless the Developer provides written notice to the District of termination at least thirty (30) days prior to December 31st of each year. Upon each automatic one (1) year extension of the Loan Obligation Termination Date, the Developer agrees to advance the District one or more sums of money up to the Maximum Loan Amount, which shall be at the Parties' agreement.

With respect to each loan advance made under this agreement prior to the issuance of any Reimbursement Obligation reflecting such advance, the interest rate shall be two (2.0%) per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

Pursuant to the Agreement, the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or twenty (20) years from the date of the Agreement.

As of December 31, 2023, outstanding advances totaled \$158,100 and accrued interest totaled \$7,808.

NOTE 8 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 the past fiscal year.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property, worker's compensation, 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 9 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 November 4, 2014, the District voters passed an election question to increase property taxes to pay the District's operations, maintenance, and other expenses. The authorization also allows the retention of all investment earnings, without limiting the amount of other revenues that may be collected, retained and spent by the District.

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

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 121,245	\$ 121,305	\$ 60
Specific Ownership Taxes	10,912	11,242	330
Net Investment Income	2,865	7,555	4,690
Intergovernmental Revenues	116,972	116,617	(355)
Total Revenues	<u>251,994</u>	<u>256,719</u>	<u>4,725</u>
EXPENDITURES			
Debt Service:			
County Treasurer's Fee	1,819	1,822	(3)
Paying Agent Fees	2,000	-	2,000
Loan Interest, Series 2022	159,461	159,461	-
Loan Principal, Series 2022	85,000	85,000	-
Contingency	3,720	30	3,690
Total Expenditures	<u>252,000</u>	<u>246,313</u>	<u>5,687</u>
NET CHANGE IN FUND BALANCE	(6)	10,406	10,412
Fund Balance - Beginning of Year	<u>138,347</u>	<u>125,185</u>	<u>(13,162)</u>
FUND BALANCE - END OF YEAR	<u>\$ 138,341</u>	<u>\$ 135,591</u>	<u>\$ (2,750)</u>

OTHER INFORMATION

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

\$4,545,000 Limited Tax General Obligation Refunding Loan
Series 2022, Dated April 21, 2022
Principal Due December 1
Interest at 3.62%,
Payable June 1 and December 1

Maturing in Year Ending December 31,	Principal	Interest	Total
2024	\$ 90,000	\$ 156,384	\$ 246,384
2025	95,000	153,126	248,126
2026	95,000	149,687	244,687
2027	100,000	146,248	246,248
2028	105,000	142,628	247,628
2029	105,000	138,827	243,827
2030	110,000	135,026	245,026
2031	115,000	131,044	246,044
2032	120,000	126,881	246,881
2033	125,000	122,537	247,537
2034	125,000	118,012	243,012
2035	130,000	113,487	243,487
2036	135,000	108,781	243,781
2037	140,000	103,894	243,894
2038	145,000	98,826	243,826
2039	150,000	93,577	243,577
2040	155,000	88,147	243,147
2041	165,000	82,536	247,536
2042	2,115,000	76,563	2,191,563
Total	<u>\$ 4,320,000</u>	<u>\$ 2,286,211</u>	<u>\$ 6,606,211</u>

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
SCHEDULE OF 2022 ASSESSED VALUATION BY CLASS OF PROPERTY IN THE DISTRICT
DECEMBER 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Total	Levied	Collected	
2019	\$ 7,590,530	10.000	40.000	50.000	\$ 379,526	\$ 379,527	100.00 %
2020	8,638,750	10.000	22.980	32.980	284,906	284,896	100.00
2021	8,623,120	10.000	24.681	34.681	299,058	298,568	99.84
2022	8,512,390	10.000	24.410	34.410	292,911	292,911	100.00
2023	7,922,450	10.000	15.304	25.304	200,470	200,599	100.06
Estimated for Year Ending December 31, 2024	\$ 9,390,110	10.394	19.500	29.894	\$ 280,708		

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