

**Trailside Metropolitan District No. 4  
Larimer County, Colorado**

**Financial Statements  
December 31, 2023**





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1221 W. Mineral Avenue, Suite 202  
Littleton, CO 80120

 303-734-4800

 303-795-3356

 [www.HaynieCPAs.com](http://www.HaynieCPAs.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Trailside Metropolitan District No. 4  
Larimer County, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major funds of Trailside Metropolitan District No. 4 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 the major funds of Trailside Metropolitan District No. 4, 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 Trailside Metropolitan District No. 4 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 opinion.

### **Responsibilities of Management 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.

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 Trailside Metropolitan District No. 4'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 opinion. 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, including omissions, 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 Trailside Metropolitan District No. 4'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 Trailside Metropolitan District No. 4'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 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.

### **Other Information**

Our audit was made for the purpose of forming an opinion on the District's basic financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the District's basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the District's basic financial statements taken as a whole.

*Haynie & Company*

Littleton, Colorado  
July 30, 2024

## **Basic Financial Statements**

**Trailside Metropolitan District No. 4**  
**Statement of Net Position**  
**December 31, 2023**

| <b>Assets</b>  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| Cash and investments - restricted                    | \$ 389,934                         |
| Property tax receivable                              | 295,168                            |
| Service fees receivable                              | 26,986                             |
| Total Assets   | <u><u>\$ 712,088</u></u>           |
| <br>   |                                    |
| <b>Liabilities</b>                                   |                                    |
| Current Liabilities                                  |                                    |
| Due To Trailside #1                                  | 30,747                             |
| Bonds Payable  | 80,000                             |
| Total Current Liabilities                            | <u><u>110,747</u></u>              |
| Non-current liabilities:                             |                                    |
| Bond interest payable                                | 685,309                            |
| Bonds payable, net                                   | 11,241,603                         |
| Total non-current liabilities                        | <u><u>11,926,912</u></u>           |
| Deferred Inflows of Resources:                       |                                    |
| Deferred property tax revenue                        | 295,168                            |
| Total liabilities                                    | <u><u>12,332,827</u></u>           |
| <br>   |                                    |
| <b>Net Position</b>                                  |                                    |
| Restricted for:                                      |                                    |
| Debt service   | 386,173                            |
| Unrestricted   | <u>(12,006,912)</u>                |
| Total Net Position                                   | <u><u>(11,620,739)</u></u>         |
| Total Liabilities, Deferred Inflows and Net Position | <u><u>\$ 712,088</u></u>           |

The accompanying notes are an integral part of these financial statements.

**Trailside Metropolitan District No. 4**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**

| Functions/Programs                              | Expenses          | Program Revenues                          |  |  | Net (Expense)<br>Revenue and<br>Changes in Net<br>Position |
|---|-------------------|---|--|--|--|
|   |                   | Charges for<br>Services and<br>other fees | Operating<br>Grants and<br>Contributions | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                                 |
| Governmental activities:                        |                   |   |  |  |  |
| General government                              | \$ -              | \$ 295,805                                | \$ -                                     | \$ -                                   | \$ 295,805   |
| Interest and related costs on<br>long term debt | 726,080           | -   | -  | -                                      | (726,080)  |
| Intergovernmental expenditures                  | <u>8,815</u>      | <u>-</u>                                  | <u>-</u>                                 | <u>-</u>                               | <u>(8,815)</u>   |
|   | <u>\$ 734,895</u> | <u>\$ 295,805</u>                         | <u>\$ -</u>                              | <u>\$ -</u>                            | <u>\$ (439,090)</u>  |
| General Revenues                                |                   |   |  |  |  |
| Property taxes                                  |                   |   |  |  | 30,020   |
| Specific ownership taxes                        |                   |   |  |  | 2,163  |
| Net investment income                           |                   |   |  |  | <u>28,908</u>  |
| Total general revenues                          |                   |   |  |  | <u>61,091</u>  |
| Change in net position                          |                   |   |  |  | (377,999)  |
| Net position - beginning of year                |                   |   |  |  | <u>(11,242,740)</u>  |
| Net position - end of year                      |                   |   |  |  | <u>\$ (11,620,739)</u>                                     |

The accompanying notes are an integral part of these financial statements.

**Trailside Metropolitan District No. 4**  
**Governmental Funds Balance Sheet**  
**and Reconciliation of Fund Balances to Net Position**  
**December 31, 2023**

|  | General<br>Fund | Debt Service<br>Fund | Capital Projects<br>Fund | Total<br>Governmental<br>Funds |
|--|-----------------|----------------------|--------------------------|--------------------------------|
| <b>Assets</b>                              |                 |                      |                          |                                |
| Cash and investments - restricted          | \$ -            | \$ 389,934           | \$ -                     | \$ 389,934                     |
| Property tax receivable                    | -               | 295,168              | -                        | 295,168                        |
| Service fees receivable                    | -               | 26,986               | -                        | 26,986                         |
| Total assets                               | -               | 712,088              | -                        | 712,088                        |
| <b>Liabilities</b>                         |                 |                      |                          |                                |
| Due to Trailside No. 1                     | -               | 30,747               | -                        | 30,747                         |
| Deferred property tax revenue              | -               | 295,168              | -                        | 295,168                        |
| Total liabilities                          | -               | 325,915              | -                        | 325,915                        |
| <b>Fund Balances</b>                       |                 |                      |                          |                                |
| Restricted - debt service                  | -               | 386,173              | -                        | 386,173                        |
| Total fund balances                        | -               | 386,173              | -                        | 386,173                        |
| <b>Total Liabilities and Fund Balances</b> | \$ -            | \$ 712,088           | \$ -                     | \$ 712,088                     |

Total governmental fund balance per above \$ 386,173

Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:

Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:

|   |                 |
|---|-----------------|
| Bonds payable, net                      | (11,321,603)    |
| Accrued interest on bonds               | (685,309)       |
| Net position of governmental activities | \$ (11,620,739) |

The accompanying notes are an integral part of these financial statements.

**Trailside Metropolitan District No. 4**  
**Governmental Fund Revenues, Expenditures, Changes in Fund**  
**Balances and Reconciliation to Statement of Activities**  
**For the Year Ended December 31, 2023**

|                                     | General<br>Fund | Debt<br>Service | Capital<br>Projects | Total<br>Governmental<br>Funds |
|-------------------------------------|-----------------|-----------------|---------------------|--------------------------------|
| <b>Revenues</b>                     |                 |                 |                     |                                |
| Property taxes                      | \$ 6,004        | \$ 24,016       | \$ -                | \$ 30,020                      |
| Specific ownership                  | 433             | 1,730           | -                   | 2,163                          |
| Service Fees District 2             | -               | 148,888         | -                   | 148,888                        |
| Service Fees District 3             | -               | 146,889         | -                   | 146,889                        |
| Service Fees District 5             | -               | 28              | -                   | 28                             |
| Interest income                     | 10              | 28,893          | 5                   | 28,908                         |
| Total Revenues                      | 6,447           | 350,444         | 5                   | 356,896                        |
| <b>Expenditures</b>                 |                 |                 |                     |                                |
| Debt service                        |                 |                 |                     |                                |
| Annual admin fee                    | -               | 7,250           | -                   | 7,250                          |
| County treasurer's fee              | 120             | 480             | -                   | 600                            |
| Bond interest                       | -               | 572,344         | -                   | 572,344                        |
| Intergovernmental expenditures      | 6,327           | -               | 2,488               | 8,815                          |
| Total Expenditures                  | 6,447           | 580,074         | 2,488               | 589,009                        |
| <b>Excess Revenues Over (Under)</b> |                 |                 |                     |                                |
| <b>Expenditures</b>                 | -               | (229,630)       | (2,483)             | (232,113)                      |
| <b>Fund balances</b>                |                 |                 |                     |                                |
| <b>Beginning of the year</b>        | -               | 615,803         | 2,483               | 618,286                        |
| <b>End of the year</b>              | \$ -            | \$ 386,173      | \$ -                | \$ 386,173                     |

Net change in fund balances - Governmental Funds (232,113)

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 - change in liability            | (144,119)    |
| Amortization of bond discount                     | (1,767)      |
| Change in Net Position of Governmental Activities | \$ (377,999) |

The accompanying notes are an integral part of these financial statements.

**Trailside Metropolitan District No. 4**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—General Fund**  
**For the Year Ended December 31, 2023**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------|---|
| <b>Revenues</b>                                      |                            |                         |               |   |
| Property taxes                                       | \$ 6,004                   | \$ 6,004                | \$ 6,004      | \$ -  |
| Specific ownership taxes                             | 360                        | 428                     | 433           | 5   |
| Interest and other                                   | 100                        | 55                      | 10            | (45)  |
| Total Revenues                                       | <u>6,464</u>               | <u>6,487</u>            | <u>6,447</u>  | <u>(40)</u>                                     |
| <b>Expenditures</b>                                  |                            |                         |               |   |
| Treasurer's fees                                     | 120                        | 120                     | 120           | -   |
| Payment for services to No. 1                        | 6,244                      | 6,367                   | 6,327         | 40  |
| Contingency  | 100                        | -                       | -             | -   |
| Total Expenditures                                   | <u>6,464</u>               | <u>6,487</u>            | <u>6,447</u>  | <u>40</u>                                       |
| <b>Excess Revenues Over (Under)<br/>Expenditures</b> | <u>-</u>                   | <u>-</u>                | <u>-</u>      | <u>-</u>  |
| <b>Fund Balance—Beginning of year</b>                | <u>-</u>                   | <u>-</u>                | <u>-</u>      | <u>-</u>  |
| <b>Fund Balance—End of Year</b>                      | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>   | <u>\$ -</u>                                     |

The accompanying notes are an integral part of these financial statements.

**Trailside Metropolitan District No. 4**  
**Notes to Financial Statements**  
**December 31, 2023**

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**1. Definition of Reporting Entity**

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Trailside Metropolitan District No. 4 (the District) (formerly known as Rendezvous Metropolitan District No. 4), was organized pursuant to an Order and Decree issued by the Larimer County District Court on April 17, 2018, and recorded in the Larimer County real property records on June 15, 2018. Formation of the District was preceded by the approval thereof by the Town Council of Timnath, Colorado of a Consolidated Service Plan for Trailside Metropolitan District Nos. 1-5 (formerly known as Rendezvous Metropolitan District Nos. 1-5) and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Timnath on March 27, 2018. In 2019, the names of the Districts were changed to Trailside Metropolitan District Nos. 1-5. The District's service area is located entirely within the Town in Larimer County, Colorado. The District was organized to provide planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the public improvements needed for the project.

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.

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**2. Summary of Significant Accounting Policies**

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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.

**Trailside Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**2. Summary of Significant Accounting Policies (continued)**

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For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

The statement of activities demonstrates the degree to which the direct 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 financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

**Trailside Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**2. Summary of Significant Accounting Policies (continued)**

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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 fund.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**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 presented on the modified accrual 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. Investments are carried at fair value.

**Trailside Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**2. Summary of Significant Accounting Policies (continued)**

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**Fund Equity**

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 policy to use the most restrictive classification first.

**Trailside Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**2. Summary of Significant Accounting Policies (continued)**

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**Restricted Fund Balance**

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 7).

The restricted fund balance in the Debt Service Fund is to be used exclusively for future payment of bond principal, interest and related costs.

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**3. Cash and Investments**

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

Statement of net position:

|                                 |                   |
|---------------------------------|-------------------|
| Cash and investments—Restricted | <u>\$ 389,934</u> |
|                                 | <u>\$ 389,934</u> |

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

|                                      |                   |
|--------------------------------------|-------------------|
| Deposits with financial institutions | <u>\$ 389,934</u> |
| Total cash and investments           | <u>\$ 389,934</u> |

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 equal to 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.

As of December 31, 2023, the District's cash deposits had a carrying balance and bank balance of \$389,934, of which \$250,000 was FDIC insured and the remainder is collateralized by PDPA.

**Trailside Metropolitan District No. 4  
Notes to Financial Statements (continued)  
December 31, 2023**

**4. Long-Term Liabilities**

The following is an analysis of changes in the District’s long-term debt for the year ended December 31, 2023:

|                                  | Balance<br>December 31,<br>2022 | Additions   | Payments        | Balance<br>December 31,<br>2023 | Due<br>Within<br>One Year |
|----------------------------------|---------------------------------|-------------|-----------------|---------------------------------|---------------------------|
| Series 2018A Limited Tax         |                                 |             |                 |                                 |                           |
| General Obligation Bonds         | \$10,175,000                    | \$ -        | \$ -            | \$ 10,175,000                   | \$ 80,000                 |
| Series 2018B Subordinate Limited |                                 |             |                 |                                 |                           |
| Tax General Obligation Bonds     | 1,189,000                       | -           | -               | 1,189,000                       | -                         |
| Bond discount                    | <u>(45,933)</u>                 | <u>-</u>    | <u>1,767</u>    | <u>(44,166)</u>                 | <u>-</u>                  |
|                                  | <u>\$11,318,067</u>             | <u>\$ -</u> | <u>\$ 1,767</u> | <u>\$ 11,319,834</u>            | <u>\$ -</u>               |

**\$10,175,000 Limited Tax General Obligation Bonds, Series 2018A**

On September 1, 2018, the District issued \$10,175,000 (original issue amount) Limited Tax General Obligation Bonds, Series 2018A. The bonds, maturing December 1, 2048, bear an interest rate of 5.625% per annum, calculated on a basis of a 360 day year of twelve 30-day months, payable semi-annually on June 1 and December 1.

The 2018A Senior Bonds are subject to redemption, prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2023 and on any date thereafter, upon payment of par plus accrued interest to the date of redemption, with no redemption premium.

Further, the 2018A Senior Bonds are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2024, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

**Trailside Metropolitan District No. 4  
Notes to Financial Statements (continued)  
December 31, 2023**

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**4. Long-Term Liabilities (continued)**

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Below is a summary of the future maturities of the Series 2018A Bonds:

|           | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|-----------|---------------------|---------------------|---------------------|
| 2024      | 80,000              | 572,344             | 652,344             |
| 2025      | 120,000             | 567,844             | 687,844             |
| 2026      | 140,000             | 561,094             | 701,094             |
| 2027      | 150,000             | 553,219             | 703,219             |
| 2028      | 175,000             | 544,781             | 719,781             |
| 2029-2033 | 1,115,000           | 2,559,938           | 3,674,938           |
| 2034-2038 | 1,685,000           | 2,186,156           | 3,871,156           |
| 2039-2043 | 2,425,000           | 1,633,500           | 4,058,500           |
| 2044-2048 | 4,285,000           | 845,156             | 5,130,156           |
| Total     | <u>\$10,175,000</u> | <u>\$10,024,031</u> | <u>\$20,199,031</u> |

**\$1,189,000 Subordinate Limited Tax General Obligation Bonds, Series 2018B**

On September 1, 2018, the District issued \$1,189,000 (original issue amount) Subordinate Limited Tax General Obligation Bonds, Series 2018B. The bonds, maturing December 15, 2048, bear an interest rate of 8.000% per annum, calculated on a basis of a 360 day year of twelve 30-day months, payable annually on each December 15. The total accrued and unpaid interest on the bonds was \$637,614, as of December 31, 2023.

The 2018B Subordinate Bonds are subject to redemption, prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 15, 2023 and on any date thereafter, upon payment of par plus accrued interest to the date of redemption, with no redemption premium.

**Trailside Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**4. Long-Term Liabilities (continued)**

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Below is a summary of the future maturities of the Series 2018B Bonds:

|           | <b>Principal</b> | <b>Interest</b> | <b>Total</b> |
|-----------|------------------|-----------------|--------------|
| 2024      | -                | -               | -            |
| 2025      | -                | -               | -            |
| 2026      | -                | -               | -            |
| 2027      | -                | -               | -            |
| 2028      | -                | 88,478          | 88,478       |
| 2029-2033 | -                | 1,149,371       | 1,149,371    |
| 2034-2038 | -                | 1,206,683       | 1,206,683    |
| 2039-2043 | -                | 1,265,235       | 1,265,235    |
| 2044-2048 | 1,189,000        | 860,260         | 2,049,260    |
| Total     | \$ 1,189,000     | \$ 4,570,027    | \$ 5,759,027 |

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**5. Net Position**

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Restricted net position include the net position that is 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:

|                               |    |         |
|-------------------------------|----|---------|
| Debt service (see Note 4)     | \$ | 386,173 |
| Total restricted net position | \$ | 386,173 |

Unrestricted net position is in a deficit position of (\$12,006,909), due primarily to the District being responsible for debt used for the purchase of assets not held and maintained by the District. This will be eliminated in future years through the collection of property taxes.

**Trailside Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**6. Risk Management**

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. 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.

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.

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**7. Tax, Spending and Debt Limitations**

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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. The District's TABOR reserves are held in Trailside Metropolitan District No. 1.

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.

**Trailside Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2023**

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**8. Related Parties**

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All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. District management believes that all potential conflicts, if any, have been properly disclosed.

## **Supplementary Information**

**Trailside Metropolitan District No. 4**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—Debt Service Fund**  
**For the Year Ended December 31, 2023**

|                                       | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---------------------------------------|----------------------------|-------------------------|---------------|---|
| <b>Revenues</b>                       |                            |                         |               |   |
| Property Taxes                        | \$ 24,015                  | \$ 24,015               | \$ 24,016     | \$ 1  |
| Specific Ownership                    | 1,441                      | 1,714                   | 1,730         | 16  |
| Service Fees - District No. 2         | 146,792                    | 149,121                 | 148,888       | (233)   |
| Service Fees - District No. 3         | 145,192                    | 147,914                 | 146,889       | (1,025)   |
| Service Fees - District No. 5         | 29                         | 29                      | 28            | (1)   |
| Transfer from Capital Fund            | -                          | 2,487                   |               | (2,487)   |
| Interest income                       | 20,000                     | 28,604                  | 28,893        | 289   |
| Total Revenues                        | 337,469                    | 353,884                 | 350,444       | (3,440)   |
| <b>Expenditures</b>                   |                            |                         |               |   |
| Bond interest                         |                            |                         |               |   |
| Series 2018 A                         | 572,344                    | 572,344                 | 572,344       | -   |
| Trustee Fees                          | 7,250                      | 7,250                   | -             | 7,250   |
| Treasurer's Fees                      | 480                        | 480                     | 480           | -   |
| Annual admin fee                      | -                          | -                       | 7,250         | (7,250)   |
| Contingency                           | 20,000                     | -                       | -             | -   |
| Total Expenditures                    | 600,074                    | 580,074                 | 580,074       | -   |
| <b>Excess Revenue Over (Under)</b>    |                            |                         |               |   |
| <b>Expenditures</b>                   | (262,605)                  | (226,190)               | (229,630)     | (3,440)   |
| <b>Fund Balance—Beginning of year</b> | 620,138                    | 615,804                 | 615,803       | (4,335)   |
| <b>Fund Balance—End of Year</b>       | \$ 357,533                 | \$ 389,614              | \$ 386,173    | \$ (7,775)                                      |

**Trailside Metropolitan District No. 4**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—Capital Projects Fund**  
**For the Year Ended December 31, 2023**

|                                       | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---------------------------------------|----------------------------|-------------------------|---------------|---|
| <b>Revenues</b>                       |                            |                         |               |   |
| Interest income                       | \$ -                       | \$ 6                    | \$ 5          | \$ (1)  |
| Total revenues                        | -                          | 6                       | 5             | (1)   |
| <b>Expenditures</b>                   |                            |                         |               |   |
| Transfer to District 1 Capital Fund   | -                          | 2,487                   | 2,488         | (1)   |
| Total expenditures                    | -                          | 2,487                   | 2,488         | (1)   |
| <b>Excess Revenue Over (Under)</b>    |                            |                         |               |   |
| <b>Expenditures</b>                   | -                          | (2,481)                 | (2,483)       | (2)   |
| <b>Fund Balance—Beginning of year</b> | 2,481                      | 2,481                   | 2,483         | 2   |
| <b>Fund Balance—End of Year</b>       | \$ 2,481                   | \$ -                    | \$ -          | \$ -  |

**Trailside Metropolitan District No. 4**  
**Schedule of Debt Service Requirements to Maturity**  
**As of December 31, 2023**

| Year Ended<br>December 31, | <b>\$10,175,000 Limited Tax<br/>General Obligation Bonds<br/>Series 2018A<br/>Interest Rate 5.625%<br/>Principal Due December 1</b> |                      |                      | <b>\$1,189,000 Subordinate Limited Tax<br/>General Obligation Bonds<br/>Series 2018B<br/>Interest Rate 8.000%<br/>Forecasted Principal and Interest Payments<br/>Payable each December 15</b> |                     |                     |
|----------------------------|---|----------------------|----------------------|---|---------------------|---------------------|
|                            | <b>Interest Payable June 1 and December 1</b>   |                      |                      | <b>Payable each December 15</b>   |                     |                     |
|                            | <b>Principal</b>  | <b>Interest</b>      | <b>Total</b>         | <b>Principal</b>  | <b>Interest</b>     | <b>Total</b>        |
| 2024                       | \$ 80,000   | \$ 572,344           | \$ 652,344           | \$ -  | \$ -                | \$ -                |
| 2025                       | 120,000   | 567,844              | 687,844              | -   | -                   | -                   |
| 2026                       | 140,000   | 561,094              | 701,094              | -   | -                   | -                   |
| 2027                       | 150,000   | 553,219              | 703,219              | -   | -                   | -                   |
| 2028                       | 175,000   | 544,781              | 719,781              | -   | 88,478              | 88,478              |
| 2029                       | 185,000   | 534,938              | 719,938              | -   | 222,285             | 222,285             |
| 2030                       | 205,000   | 524,531              | 729,531              | -   | 231,433             | 231,433             |
| 2031                       | 220,000   | 513,000              | 733,000              | -   | 227,964             | 227,964             |
| 2032                       | 245,000   | 500,625              | 745,625              | -   | 234,454             | 234,454             |
| 2033                       | 260,000   | 486,844              | 746,844              | -   | 233,235             | 233,235             |
| 2034                       | 290,000   | 472,219              | 762,219              | -   | 237,359             | 237,359             |
| 2035                       | 305,000   | 455,906              | 760,906              | -   | 238,672             | 238,672             |
| 2036                       | 340,000   | 438,750              | 778,750              | -   | 240,716             | 240,716             |
| 2037                       | 355,000   | 419,625              | 774,625              | -   | 244,841             | 244,841             |
| 2038                       | 395,000   | 399,656              | 794,656              | -   | 245,095             | 245,095             |
| 2039                       | 415,000   | 377,438              | 792,438              | -   | 247,314             | 247,314             |
| 2040                       | 455,000   | 354,094              | 809,094              | -   | 251,349             | 251,349             |
| 2041                       | 480,000   | 328,500              | 808,500              | -   | 251,943             | 251,943             |
| 2042                       | 525,000   | 301,500              | 826,500              | -   | 255,049             | 255,049             |
| 2043                       | 550,000   | 271,969              | 821,969              | -   | 259,580             | 259,580             |
| 2044                       | 600,000   | 241,031              | 841,031              | -   | 262,045             | 262,045             |
| 2045                       | 635,000   | 207,281              | 842,281              | -   | 260,795             | 260,795             |
| 2046                       | 685,000   | 171,563              | 856,563              | 92,000  | 176,220             | 268,220             |
| 2047                       | 725,000   | 133,031              | 858,031              | 179,000   | 87,760              | 266,760             |
| 2048                       | 1,640,000   | 92,250               | 1,732,250            | 918,000   | 73,440              | 991,440             |
|                            | <u>\$ 10,175,000</u>  | <u>\$ 10,024,033</u> | <u>\$ 20,199,033</u> | <u>\$ 1,189,000</u>   | <u>\$ 4,570,027</u> | <u>\$ 5,759,027</u> |

**Trailside Metropolitan District No. 4**  
**Summary of Assessed Valuation,**  
**Mill Levy and Property Taxes Collected**  
**For the Year Ended December 31, 2023**

| <b>Year Ended<br/>December 31,</b>                    | <b>Prior Year<br/>Assessed<br/>Valuation<br/>for Current<br/>Year Property<br/>Tax Levy</b> | <b>Mills Levied</b> |                     | <b>Total Property Taxes</b> |                  | <b>Percentage<br/>Collected</b> |
|---|---|---------------------|---------------------|-----------------------------|------------------|---------------------------------|
|   |   | <b>General</b>      | <b>Debt Service</b> | <b>Levied</b>               | <b>Collected</b> |                                 |
| 2022  | \$ 191,458  | 10.000              | 40.000              | \$ 9,573                    | \$ 9,573         | 100.00%                         |
| 2023  | \$ 585,496  | 10.254              | 41.017              | \$ 30,019                   | \$ 30,020        | 100.00%                         |
| Estimated for the year<br>ending December 31,<br>2024 | \$ 5,356,459  | 11.021              | 44.084              | \$ 295,168                  |                  |                                 |