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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2022

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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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2022, and the respective changes in financial position 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.

Dazzio & Associates, P.C.

August 29, 2023

BASIC FINANCIAL STATEMENTS

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments	$ 36,161
Cash and Investments - Restricted	139,422
Property Taxes Receivable	200,470
Prepaid Expenses	6,088
Total Assets	382,141
LIABILITIES	
Accounts Payable	9,217
Due to County Treasurer	16,264
Accrued Interest Payable	13,288
Noncurrent Liabilities:	
Due Within One Year	85,000
Due in More Than One Year	4,482,746
Total Liabilities	4,606,515
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Taxes	200,470
Total Deferred Inflows of Resources	200,470
NET POSITION	
Restricted for:	
Emergency Reserves	2,700
Debt Service	111,897
Unassigned	(4,539,441)
Total Net Position	$ (4,424,844)

See accompanying Notes to Basic Financial Statements.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 66,792	$ -	$ -	$ -	$ (66,792)
Interest and Related Costs on Long-Term Debt	4,513,752	-	-	-	(4,513,752)
Total Governmental Activities	$ 4,580,544	$ -	$ -	$ -	(4,580,544)
	GENERAL REVENUES				
	Property Taxes				272,055
	Specific Ownership Taxes				25,903
	Net Investment Income				1,400
	Total General Revenues				299,358
	CHANGE IN NET POSITION				(4,281,186)
	Net Position - Beginning of Year				(143,658)
	NET POSITION - END OF YEAR				$ (4,424,844)

See accompanying Notes to Basic Financial Statements.

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	$ 36,161	$ -	$ 36,161
Cash and Investments - Restricted	2,700	136,722	139,422
Property Taxes Receivable	79,225	121,245	200,470
Prepaid Expenses	6,088	-	6,088
Total Assets	$ 124,174	$ 257,967	$ 382,141
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 9,217	$ -	$ 9,217
Due to County	4,727	11,537	16,264
Total Liabilities	13,944	11,537	25,481
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	79,225	121,245	200,470
Total Deferred Inflows of Resources	79,225	121,245	200,470
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	6,088	-	6,088
Restricted for:			
Emergency Reserves	2,700	-	2,700
Debt Service	-	125,185	125,185
Assigned	9,593	-	9,593
Unassigned	12,624	-	12,624
Total Fund Balances	31,005	125,185	156,190
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 124,174	$ 257,967	
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			(4,405,000)
Accrued Interest Payable			(13,288)
Developer Advance Payable			(158,100)
Developer Advance Interest Payable			(4,646)
Net Position of Governmental Activities			$ (4,424,844)

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, 2022

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	$ 79,063	$ 192,992	$ 272,055
Specific Ownership Tax	7,528	18,375	25,903
Net Investment Income	413	987	1,400
Total Revenues	87,004	212,354	299,358
EXPENDITURES			
Current:			
Accounting	15,300	-	15,300
Audit	4,200	-	4,200
County Treasurer's Fee	1,186	2,895	4,081
District Management	13,263	-	13,263
Dues and Licenses	563	-	563
Election Expense	1,801	-	1,801
Insurance and Bonds	5,969	-	5,969
Landscaping	4,113	-	4,113
Legal Services	20,367	-	20,367
Miscellaneous	30	-	30
Debt Service:			
Loan Issue Costs	-	182,250	182,250
Loan Interest, Series 2022	-	100,546	100,546
Loan Principal, Series 2022	-	140,000	140,000
Total Expenditures	66,792	425,691	492,483
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,212	(213,337)	(193,125)
OTHER FINANCING SOURCES (USES)			
Developer Advance	22,900	-	22,900
Loan Proceeds, Series 2022	-	4,545,000	4,545,000
Transfer to Castle Pines Commercial Metro District No.1	-	(4,211,667)	(4,211,667)
Transfers (from) to Other Funds	(5,189)	5,189	-
Total Other Financing Sources (Uses)	17,711	338,522	356,233
NET CHANGE IN FUND BALANCES	37,923	125,185	163,108
Fund Balances - Beginning of Year	(6,918)	-	(6,918)
FUND BALANCES - END OF YEAR	$ 31,005	$ 125,185	$ 156,190

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, 2022

Net Change in Fund Balances - Governmental Funds	$ 163,108
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 Issuance	(4,545,000)
Developer Advance	(22,900)
Loan Principal Payment	140,000
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	(3,106)
Accrued Interest on Loan - Change in Liability	(13,288)
Change in Net Position of Governmental Activities	$ (4,281,186)

See accompanying Notes to Basic Financial Statements.

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, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 85,124	$ 79,063	$ (6,061)
Specific Ownership Tax	6,810	7,528	718
Net Investment Income	5	413	408
Other Revenue	1,000	-	(1,000)
Total Revenues	92,939	87,004	(5,935)
EXPENDITURES			
Current:			
Accounting	19,800	15,300	4,500
Auditing	4,000	4,200	(200)
County Treasurer's Fee	1,277	1,186	91
District Management	11,000	13,263	(2,263)
Dues and Licenses	1,100	563	537
Election Expense	2,000	1,801	199
Engineering	2,100	-	2,100
Insurance and Bonds	7,500	5,969	1,531
Landscaping	10,000	4,113	5,887
Legal Services	25,000	20,367	4,633
Miscellaneous	1,000	30	970
Snow removal	3,000	-	3,000
Contingency	2,223	-	2,223
Total Expenditures	90,000	66,792	23,208
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,939	20,212	17,273
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	22,900	22,900
Transfer to Other Funds	-	(5,189)	(5,189)
Total Other Financing Sources (Uses)	-	17,711	17,711
NET CHANGE IN FUND BALANCE	2,939	37,923	34,984
Fund Balance - Beginning of Year	3,824	(6,918)	(10,742)
FUND BALANCE - END OF YEAR	$ 6,763	$ 31,005	$ 24,242

See accompanying Notes to Basic Financial Statements.

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.

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.

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.

The District amended its budget for the year ended December 31, 2022.

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.

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.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:		
Cash and Investments	$	36,161
Cash and Investments - Restricted		139,422
Total Cash and Investments	$	175,583

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

Deposits with Financial Institutions	$	9,141
Investments		166,442
Total Cash and Investments	$	175,583

Deposits with Financial Institutions

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

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

At December 31, 2022, the District’s cash deposits had a bank and carrying balance of $9,141.

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.

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, 2022, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	$ 166,442

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.

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 AAAf/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, 2022 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	$ -	$ 4,545,000	$ 140,000	$ 4,405,000	$ 85,000
Notes from Direct Borrowings and Direct Placements:					
Developer Advance Operating	135,200	22,900	-	158,100	-
Accrued Interest - Developer Advance	1,540	3,106	-	4,646	-
Total	$ 136,740	$ 4,571,006	$ 140,000	$ 4,567,746	$ 85,000

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.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The District refunded the CPCMD #1 Bonds, having an interest rate of 5.00%, with the Series 2022 Loan, having an interest rate of 3.62%, to reduce its total debt service payments over the next 20 years by $1,246,282 and to obtain an economic gain of $439,683.

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:

	Series 2022 Loan		
Year Ending December 31,	Principal	Interest	Total
2023	$ 85,000	$ 159,461	$ 244,461
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
2028-2032	555,000	674,406	1,229,406
2033-2037	655,000	566,711	1,221,711
2038-2042	2,730,000	439,649	3,169,649
Total	$ 4,405,000	$ 2,445,672	$ 6,850,672

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.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

	Authorized November 4, 2014 Election	Authorization Used	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	$ 160,000,000	$ 4,545,000	$ 155,455,000

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.

NOTE 5 NET POSITION (CONTINUED)

The District had restricted net position as of December 31, 2022 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	$ 2,700
Debt Service	111,897
Total Restricted Net Position	$ 114,597

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:

NOTE 7 AGREEMENTS (CONTINUED)

Capital Pledge Agreement (Continued)

(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.

This agreement replaced the Capital Pledge Agreement dated January 1, 2015. On April 21, 2022, the 2015 Pledge Agreement was terminated.

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, 2022, outstanding advances totaled $158,100 and accrued interest totaled $4,646.

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.

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

NOTE 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.

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, 2022

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 207,787	$ 207,787	$ 192,992	$ (14,795)
Specific Ownership Taxes	16,623	16,623	18,375	1,752
Net Investment Income	-	80	987	907
Other Revenue	2,859	1,430,510	-	(1,430,510)
Total Revenues	227,269	1,655,000	212,354	(1,442,646)
EXPENDITURES				
Debt Service:				
County Treasurer's Fee	3,117	3,117	2,895	222
Loan Issue Costs	-	176,250	182,250	(6,000)
Loan Interest, Series 2022	-	-	100,546	(100,546)
Loan Principal, Series 2022	-	-	140,000	(140,000)
Contingency	2,623	1,808,932	-	1,808,932
Total Expenditures	5,840	1,988,299	425,691	1,562,608
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	221,429	(333,299)	(213,337)	119,962
OTHER FINANCING SOURCES (USES)				
Loan Proceeds, Series 2022	-	4,545,000	4,545,000	-
Transfer from Other Funds	-	-	5,189	5,189
Transfer to Castle Pines Commercial Metro District No.1	(221,429)	(4,211,701)	(4,211,667)	34
Total Other Financing Sources (Uses)	(221,429)	333,299	338,522	5,223
NET CHANGE IN FUND BALANCE	-	-	125,185	125,185
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ 125,185	$ 125,185

OTHER INFORMATION

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022

Maturing in Year Ending December 31,	$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		
	Principal	Interest	Total
2023	$ 85,000	$ 159,461	$ 244,461
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	$ 4,405,000	$ 2,445,672	$ 6,850,672

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied: General	Mills Levied: Debt Service	Mills Levied: Total	Total Property Taxes: Levied	Total Property Taxes: Collected	Percent Collected to Levied
2018	$ 7,598,470	11.152	40.000	51.152	$ 388,677	$ 388,677	100.00 %
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
Estimated for Year Ending December 31, 2023	$ 7,922,450	10.000	15.304	25.304	$ 200,470		

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.