MAHER RANCH METROPOLITAN DISTRICT NO. 4

2019 ANNUAL REPORT

TO

THE TOWN OF CASTLE ROCK

Pursuant to its Service Plan and by Section 11.02.040 of the Castle Rock Municipal Code, the Maher Ranch Metropolitan District No. 4 (the "**District**") is required to provide an annual report to the Town of Castle Rock with regard to the following matters:

A. A narrative summary of the District's progress in implementing the service plan for the report year.

Public improvements for the development within the District have been completed. The District is in bonded debt repayment mode.

B. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statement of the District for the report year, including a statement of financial condition as of December 31 of the report year and the statement of operations for the report year.

The District's 2019 audit will be submitted once completed.

C. Unless disclosed within a separate schedule to the financial statement, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertook in the 5 years following the report year.

Capital expenditures relative to the development of public facilities has been completed. The District's ongoing capital expenditures, if any, may be for common area recreation and landscaping enhancements within the District in its discretion. No such expenditures are planned or contemplated.

D. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness; the amount and terms of any new District indebtedness or long-term obligations issued in the report year; the amount of payment or retirement of existing indebtedness or long-term obligations issued in the report year; the total assessed valuation of all taxable properties within the District as of January 1 of the report year; and the current mill levy of the District pledged to debt retirement in the report year.

The amount of District indebtedness on December 31, 2019 was $16,498,000 which is the outstanding principal amount of the District's Series 2016A and 2016B limited tax refunding bonds.

The District's 2019 assessed value: $35,330,040

The District's 2019 debt service mill levy: 33.500 for collection in 2020.

E. The District's budget for the calendar year in which the annual report is submitted.

*The District's 2019 budget is attached as **Exhibit A**.*

F. A summary of residential and commercial development that has occurred within the District for the report year.

Residential construction is nearing or at full build out.

G. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year.

$3,000 per lot facility fee due by building permit

H. Certification of the Board that no action, event, nor condition of Section 11.02.060 (Material Modification of Service Plan) of the Municipal Code has occurred in the report year

*Attached as **Exhibit B** is the certification given on behalf of Board of Directors that no action, event or condition enumerated in Section 11.02.060 occurred in 2019.*

I. The names, business addresses and phone numbers of all members of the Board and its chief administrative officer and general counsel, together with the date, place and time of regular meetings of the board.

At the time of submission of this annual report:

Lenn M. Haffeman (land owner/original developer)
John Janke (resident of the Maher Ranch development/Sapphire Pointe)
Anthony Roberts (resident of the Maher Ranch development/Sapphire Pointe)

General Counsel: White Bear Ankele Tanaka & Waldron, 2154 E. Commons Avenue, Suite 2000, Centennial, CO 80122, (303) 858-1800.

Regular meetings are scheduled for the first Wednesday of March and November at 6:30 p.m., Sapphire Pointe Community Center, 7550 Soapstone Way, Castle Rock, Colorado.

EXHIBIT A

MAHER RANCH METROPOLITAN DISTRICT NO. 4
2019 BUDGET

MAHER RANCH METROPOLITAN DISTRICT NO. 4
2019
BUDGET MESSAGE

Attached please find a copy of the adopted 2019 budget for the Maher Ranch Metropolitan District No. 4.

The Maher Ranch Metropolitan District No. 4 has adopted two separate funds, a General Fund to provide for the payment of general operating expenditures and transfers to the Debt Service Fund; and a Debt Service Fund to account for the repayment of principal and interest on the District's outstanding general obligation debt.

The District's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenue for the District in 2019 will be property and specific ownership taxes. The District intends to impose a 35.500 mill levy on property within the District for 2019, of which .500 mills will be dedicated to the General Fund and the balance of 35.000 mills will be allocated to the Debt Service Fund.

Maher Ranch Metropolitan District No. 4
Adopted Budget
General Fund
For the Year ended December 31, 2019

	Actual 2017	Adopted Budget 2018	Actual 9/30/2018	Estimate 2018	Adopted Budget 2019
Beginning fund balance	$ 150,122	$ 178,596	$ 178,884	$ 178,884	$ 135,537
Revenues:					
Property taxes	45,563	16,162	16,298	16,298	16,219
Specific Ownership taxes	4,991	1,212	1,118	1,300	1,220
Misc	2,163	-	14	30	-
Interest income	-	65	3	10	10
Total revenues	52,717	17,439	17,433	17,638	17,449
Total funds available	202,839	196,035	196,317	196,522	152,986
Expenditures:					
Audit	-	3,500	3,850	3,850	4,000
Accounting	9,159	5,100	1,983	4,500	4,500
Directors' fees	300	1,000	100	200	500
Insurance	3,793	4,000	4,091	4,091	4,100
Legal - general	9,909	10,000	6,993	13,000	13,000
Miscellaneous	109	3,000	64	100	500
Treasury Fees	685	242	242	244	243
Transfer to DS	-	35,000	-	35,000	35,000
Contingency	-	132,338	-	-	89,288
Emergency reserve (3%)	-	1,855	-	-	1,855
Total expenditures	23,955	196,035	17,323	60,985	152,986
Ending fund balance	$ 178,884	$ -	$ 178,994	$ 135,537	$ -
Assessed valuation		$ 32,323,160			$ 32,439,900
Mill Levy		0.500			0.500

Maher Ranch Metropolitan District No. 4
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2019

	Actual 2017	Adopted Budget 2018	Actual 9/30/2018	Estimate 2018	Adopted Budget 2019
Beginning fund balance	$ 215,859	$ 281,017	$ 301,955	$ 301,955	$ 292,366
Revenues:					
Property taxes	1,184,641	1,131,310	1,140,865	1,140,865	1,135,397
Specific ownership taxes	129,770	84,849	78,264	85,000	85,335
Transfer from General Fund	-	35,000	-	35,000	35,000
Facility fees	-	-	3,000	9,000	-
Interest income	-	2,500	15,333	15,333	2,500
Loan proceeds	-	-	-	-	-
Misc	11,700	-	-	-	-
Total revenues	1,326,111	1,253,659	1,237,462	1,285,198	1,258,232
Total funds available	1,541,970	1,534,676	1,539,417	1,587,153	1,550,598
Expenditures:					
Bond Interest	866,208	588,574	299,930	588,574	554,452
Bond Principal	356,000	685,000	-	685,000	721,000
Miscellaneous	-	1,500	2,500	2,500	1,502
Trustee fees	-	4,000	800	1,600	2,000
Payment to refunding agent	-	-	-	-	-
Treasury fees	17,807	16,970	16,963	17,113	17,031
Total expenditures	1,240,015	1,296,044	320,193	1,294,787	1,295,985
Ending fund balance	$ 301,955	$ 238,632	$ 1,219,224	$ 292,366	$ 254,613
Assessed valuation		$ 32,323,160			$ 32,439,900
Mill Levy		35.000			35.000
Total Mill Levy		35.500			35.500

4250 County Tax Entity Code DOLA LGID/SID 18092

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners[1] of Douglas County , Colorado.

On behalf of the Maher Ranch Metropolitan District No. 4 ,
(taxing entity)[A]

the Board of Directors
(governing body)[B]

of the Maher Ranch Metropolitan District No. 4
(local government)[C]

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 32,439,900
(GROSS[D] assessed valuation, Line 2 of the Certification of Valuation Form DLG 57[E])

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 32,439,900
(NET[G] assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: ______________ for budget/fiscal year *2019* .
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	**LEVY**[2]		**REVENUE**[2]
1. General Operating Expenses[H]	.500	mills	$ 16,219
2. **<Minus>** Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[I]	< >	mills	$ < >
SUBTOTAL FOR GENERAL OPERATING:	**.500**	**mills**	**$ 16,219**
3. General Obligation Bonds and Interest[J]	35.000	mills	$ 1,135,397
4. Contractual Obligations[K]		mills	$
5. Capital Expenditures[L]		mills	$
6. Refunds/Abatements[M]		mills	$
7. Other[N] (specify):		mills	$
		mills	$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	**35.500**	**mills**	**$ 1,151,616**

Contact person: (print) Diane K Wheeler Daytime phone: (303) 689-0833

Signed: Diane K Wheeler Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

[1] If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
[2] Levies must be rounded to three decimal places and revenue must be calculated from the total *NET assessed valuation* (Line 4 of Form DLG57 on the County Assessor's *final* certification of valuation).

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS[J]:

1. Purpose of Issue: $10,000,000 General Obligation Limited Tax Refunding Bonds
   Series: 2016A
   Date of Issue: December 16, 2016
   Coupon Rate: 4.95% - 3.22%
   Maturity Date: December 1, 2036
   Levy: 19.167
   Revenue: $621,776

2. Purpose of Issue: $8,260,000 General Obligation Limited Tax Refunding Bonds
   Series: 2016B
   Date of Issue: December 16, 2016
   Coupon Rate: 4.95% - 3.22%
   Maturity Date: December 1, 2036
   Levy: 15.833
   Revenue: $513,621

CONTRACTS[K]:

3. Purpose of Contract:
   Title:
   Date:
   Principal Amount:
   Maturity Date:
   Levy:
   Revenue:

4. Purpose of Contract:
   Title:
   Date:
   Principal Amount:
   Maturity Date:
   Levy:
   Revenue:

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Notes:

[A] **Taxing Entity—**A jurisdiction authorized by law to impose ad valorem property taxes on taxable property located within its territorial limits (please see notes B, C, and H below). For purposes of the DLG 70 only, a taxing entity is also a geographic area formerly located within a *taxing entity's* boundaries for which the county assessor certifies a valuation for assessment and which is responsible for payment of its share until retirement of financial obligations incurred by the *taxing entity* when the area was part of the *taxing entity*. For example: an area of excluded property formerly within a special district with outstanding general obligation debt at the time of the exclusion or the area located within the former boundaries of a dissolved district whose outstanding general obligation debt service is administered by another local government[C].

[B] **Governing Body—**The board of county commissioners, the city council, the board of trustees, the board of directors, or the board of any other entity that is responsible for the certification of the *taxing entity's* mill levy. For example: the board of county commissioners is the governing board ex officio of a county public improvement district (PID); the board of a water and sanitation district constitutes ex officio the board of directors of the water subdistrict.

[C] **Local Government -** For purposes of this line on Page 1of the DLG 70, the local government is the political subdivision under whose authority and within whose boundaries the *taxing entity* was created. The local government is authorized to levy property taxes on behalf of the *taxing entity*. For example, for the purposes of this form:

1. a municipality is both the local government and the *taxing entity* when levying its own levy for its entire jurisdiction;
2. a city is the local government when levying a tax on behalf of a business improvement district (BID) *taxing entity* which it created and whose city council is the BID board;
3. a fire district is the local government if it created a subdistrict, the *taxing entity*, on whose behalf the fire district levies property taxes.
4. a town is the local government when it provides the service for a dissolved water district and the town board serves as the board of a dissolved water district, the *taxing entity*, for the purpose of certifying a levy for the annual debt service on outstanding obligations.

[D] **GROSS Assessed Value -** There will be a difference between gross assessed valuation and net assessed valuation reported by the county assessor only if there is a "tax increment financing" entity (see below), such as a downtown development authority or an urban renewal authority, within the boundaries of the *taxing entity*. The board of county commissioners certifies each *taxing entity's* total mills upon the *taxing entity's* Gross Assessed Value found on Line 2 of Form DLG 57.

[E] **Certification of Valuation by County Assessor, Form DLG 57 -** The county assessor(s) uses this form (or one similar) to provide valuation for assessment information to a *taxing entity*. The county assessor must provide this certification no later than August 25th each year and may amend it, one time, prior to December 10th.

[F] **TIF Area—**A downtown development authority (DDA) or urban renewal authority (URA), may form plan areas that use "tax increment financing" to derive revenue from increases in assessed valuation (gross minus net, Form DLG 57 Line 3) attributed to the activities/improvements within the plan area. The DDA or URA receives the differential revenue of each overlapping *taxing entity's* mill levy applied against the *taxing entity's* gross assessed value after subtracting the *taxing entity's* revenues derived from its mill levy applied against the net assessed value.

[G] **NET Assessed Value—**The total taxable assessed valuation from which the *taxing entity* will derive revenues for its uses. It is found on Line 4 of Form DLG 57.

[H] **General Operating Expenses (DLG 70 Page 1 Line 1)—**The levy and accompanying revenue reported on Line 1 is for general operations and includes, in aggregate, all levies for and revenues raised by a *taxing entity* for purposes not lawfully exempted and detailed in Lines 3 through 7 on Page 1 of the DLG 70. For example: a fire pension levy is included in general operating expenses, unless the pension is voter-approved, if voter-approved, use Line 7 (Other).

[I] **Temporary Tax Credit for Operations (DLG 70 Page 1 Line 2)—**The Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction of 39-1-111.5, C.R.S. may be applied to the *taxing entity*'s levy for general operations to effect refunds. Temporary Tax Credits (TTCs) are not necessary for other types of levies (non-general operations) certified on this form because these levies are adjusted from year to year as specified by the provisions of any contract or schedule of payments established for the payment of any obligation incurred by the *taxing entity* per 29-1-301(1.7), C.R.S., or they are certified as authorized at election per 29-1-302(2)(b), C.R.S.

[J] **General Obligation Bonds and Interest (DLG 70 Page 1 Line 3)—**Enter on this line the total levy required to pay the annual debt service of all general obligation bonds. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments. Title 32, Article 1 Special districts and subdistricts must complete Page 2 of the DLG 70.

[K] **Contractual Obligation (DLG 70 Page 1 Line 4)—**If repayment of a contractual obligation with property tax has been approved at election and it is not a general obligation bond (shown on Line 3), the mill levy is entered on this line. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments.

[L] **Capital Expenditures (DLG 70 Page 1 Line 5)—**These revenues are not subject to the statutory property tax revenue limit if they are approved by counties and municipalities through public hearings pursuant to 29-1-301(1.2) C.R.S. and for special districts through approval from the Division of Local Government pursuant to 29-1-302(1.5) C.R.S. or for any *taxing entity* if approved at election. Only levies approved by these methods should be entered on Line 5.

[M] **Refunds/Abatements (DLG 70 Page 1 Line 6)—**The county assessor reports on the Certification of Valuation (DLG 57 Line 11) the amount of revenue from property tax that the local government did not receive in the prior year because taxpayers were given refunds for taxes they had paid or they were given abatements for taxes originally charged to them due to errors made in their property valuation. The local government was due the tax revenue and would have collected it through an adjusted mill levy if the valuation errors had not occurred. Since the government was due the revenue, it may levy, in the subsequent year, a mill to collect the refund/abatement revenue. An abatement/refund mill levy may generate revenues up to, but not exceeding, the refund/abatement amount from Form DLG 57 Line 11.

1. Please Note: If the *taxing entity* is in more than one county, as with all levies, the abatement levy must be uniform throughout the entity's boundaries and certified the same to each county. To calculate the abatement/refund levy for a *taxing entity* that is located in more than one county, first total the abatement/refund amounts reported by each county assessor, then divide by the *taxing entity*'s total net assessed value, then multiply by 1,000 and round down to the nearest three decimals to prevent levying for more revenue than was abated/refunded. This results in an abatement/refund mill levy that will be uniformly certified to all of the counties in which the *taxing entity* is located even though the abatement/refund did not occur in all the counties.

[N] **Other (DLG 70 Page 1 Line 7)—**Report other levies and revenue not subject to 29-1-301 C.R.S. that were not reported above. For example: a levy for the purposes of television relay or translator facilities as specified in sections 29-7-101, 29-7-102, and 29-7-105 and 32-1-1005 (1) (a), C.R.S.; a voter-approved fire pension levy; a levy for special purposes such as developmental disabilities, open space, etc.

EXHIBIT B

Certification on behalf of the Board of Directors

STATE OF COLORADO
COUNTY OF DOUGLAS
MAHER RANCH METROPOLITAN DISTRICTS NO. 4

White Bear Ankele Tanaka & Waldron P.C., acting general counsel and authorized representative for the Board of Directors of the above District, hereby certifies, on the Board's behalf, that during the year 2019, no action, event or condition enumerated in Section 11.02.060 of the Castle Rock Municipal Code took place within the District's boundaries or for which the District was made aware, which would have required a service plan amendment as a change of a basic or essential nature.

White Bear Ankele Tanaka + Waldron

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law