MAHER RANCH METROPOLITAN DISTRICT NO. 4

2018 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. Audited financial statements with a statement of financial condition (i.e. balance sheet) as of December 31 and statement of operations (i.e. revenues and expenditures).

The District's 2018 audit is attached as ***Exhibit A****.*

C. A summary of the capital expenditures incurred by the District in development of public facilities in the report year, and a summary of the capital improvements or projects proposed to be undertaken in the next five (5) years.

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. A summary of the financial obligations of the District at the end of the report year including amount of indebtedness, assessed valuations and current mill levy imposed for debt service.

The amount of District indebtedness on December 31, 2018 was $17,219,000 which is the outstanding principal amount of the District's Series 2016A and 2016B limited tax refunding bonds.

The District's 2018 assessed value: $32,439,900

The District's 2018 debt service mill levy: 35.500 for collection in 2018.

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 B**.*

F. A summary of any residential and commercial development that 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 for the report year.

The District imposes a $3,000 per residential lot facility fee due at building permit. The building permit timing results in the home builder paying the fees.

H. Certification of the Board of Directors that no action, event or condition enumerated in Section 11.02.060 has occurred in the report year.

Attached as Exhibit C is the certification given on behalf of Board of Directors that no action, event or condition enumerated in Section 11.02.060 occurred in 2018.

I. The name of each member of the Board of Directors and general counsel, plus the date, place and time of the board regular meeting.

At the time of submission of this annual report:

Lenn M. Haffeman (land owner/original developer)
Rex Williams (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
2018 AUDIT

Maher Ranch Metropolitan District No. 4

Financial Statements

Year Ended December 31, 2018

with

Independent Auditor's Report

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stratagem
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Maher Ranch Metropolitan District No. 4
Douglas County, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Maher Ranch Metropolitan District No. 4 (the "District") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

14143 Denver West Parkway, Suite 450 | Lakewood, Colorado 80401 | 303.988.1900 | StratagemCPA.com

Opinion

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 Maher Ranch Metropolitan District No. 4 as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles general 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Stratagem PC
Certified Public Accountants
Lakewood, Colorado

July 30, 2019

Maher Ranch Metropolitan District #4

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2018

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	$ 172,145	$ -	$ 172,145	$ -	$ 172,145
Cash and investments - restricted	1,855	277,165	279,020	-	279,020
Receivable county treasurer	164	11,447	11,611	-	11,611
Property taxes receivable	16,219	1,135,397	1,151,616	-	1,151,616
Prepaid expenses	3,327	-	3,327	-	3,327
Total Assets	193,710	1,424,009	1,617,719	-	1,617,719
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	2,839,905	2,839,905
Total Deferred Outflows of Resources	-	-	-	2,839,905	2,839,905
Total Assets and Deferred Outlows of Resources	$ 193,710	$ 1,424,009	$ 1,617,719		
LIABILITIES					
Accounts payable	$ 3,010	$ -	$ 3,010	-	3,010
Accrued interest on bonds	-	-	-	46,204	46,204
Long-term liabilities					
Due within one year	-	-	-	721,000	721,000
Due in more than one year	-	-	-	16,498,000	16,498,000
Total Liabilities	3,010	-	3,010	17,265,204	17,268,214
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	16,219	1,135,397	1,151,616	-	1,151,616
Total Deferred Inflows of Resources	16,219	1,135,397	1,151,616	-	1,151,616
FUND BALANCE					
Nonspendable:					
Prepaids	3,327	-	3,327	(3,327)	-
Restricted:					
Emergencies	1,855	-	1,855	(1,855)	-
Debt service	-	288,612	288,612	(288,612)	-
Unassigned	172,626	-	172,626	(172,626)	-
Total Fund Balances	174,481	288,612	463,093	(463,093)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 193,710	$ 1,424,009	$ 1,617,719		
NET POSITION					
Restricted for:					
Emergencies				1,855	1,855
Debt service				242,408	242,408
Unrestricted:				(14,206,469)	(14,206,469)
Total Net Position (Deficit)				$ (13,962,206)	$ (13,962,206)

The notes to the financial statements are an integral part of these statements.

Maher Ranch Metropolitan District #4

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Accounting and audit	$ 7,012	$ -	$ 7,012	$ -	$ 7,012
Insurance	4,091	-	4,091	-	4,091
Legal	10,633	-	10,633	-	10,633
Miscellaneous expenses	108	-	108	-	108
Directors fees	200	-	200	-	200
Treasurer's fees	242	16,967	17,209	-	17,209
Bond principal	-	685,000	685,000	(685,000)	-
Bond interest expense	-	588,188	588,188	155,662	743,850
Trustee fees	-	4,100	4,100	-	4,100
Total Expenditures	22,286	1,294,255	1,316,541	(529,338)	787,203
GENERAL REVENUES					
Property taxes	16,302	1,141,133	1,157,435	-	1,157,435
Specific ownership taxes	1,564	109,461	111,025	-	111,025
Facility fee	-	9,000	9,000	-	9,000
Miscellaneous	17	21,318	21,335	-	21,335
Total General Revenues	17,883	1,280,912	1,298,795	-	1,298,795
CHANGE IN FUND BALANCE	(4,403)	(13,343)	(17,746)	17,746	-
CHANGE IN NET POSITION				511,592	511,592
FUND BALANCE/NET POSITION BEGINNING OF YEAR	178,884	301,955	480,839	(14,954,637)	(14,473,798)
END OF YEAR	$ 174,481	$ 288,612	$ 463,093	$ (14,425,299)	$ (13,962,206)

The notes to the financial statements are an integral part of these statements.

Maher Ranch Metropolitan District #4

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2018

	Origianl & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 16,162	$ 16,302	$ 140
Specific ownership taxes	1,212	1,564	352
Miscellaneous	65	17	(48)
Total Revenues	17,439	17,883	444
EXPENDITURES			
Accounting and audit	8,600	7,012	1,588
Insurance	4,000	4,091	(91)
Legal	10,000	10,633	(633)
Miscellaneous expenses	3,000	108	2,892
Directors fees	1,000	200	800
Treasurer's fees	242	242	-
Contingency	132,338	-	132,338
Emergency reserve	1,855	-	1,855
Total Expenditures	161,035	22,286	138,749
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(143,596)	(4,403)	139,193
OTHER FINANCING SOURCES (USES)			
Transfer from (to) other funds	(35,000)	-	35,000
Total Other Financing Sources (Uses)	(35,000)	-	35,000
CHANGE IN FUND BALANCE	(178,596)	(4,403)	174,193
FUND BALANCE - BEGINNING OF YEAR	178,596	178,884	288
FUND BALANCE - END OF YEAR	$ -	$ 174,481	$ 174,481

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Maher Ranch Metropolitan District No. 4, located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized in January of 1987, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to manage the financing, construction, operation and maintenance of the facilities located in the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

The District was organized concurrently with Maher Ranch Metropolitan Districts Nos. 3 and 5. Under the Amended Consolidated Service Plan effective July 8, 1999 each District was given the power to provide water, sanitation, streets, traffic and safety controls, television relay and translator services, mosquito and pest control, transportation, and park and recreation improvements and any other services that are normally provided by a metropolitan district within the District's boundaries. The Service Plan requires the District to convey all improvements to the town of Castle Rock, except those facilities and improvements primarily related to parks and recreation.

On July 18, 2000 the property in the boundaries of District No. 3 was included in District No. 4 and any agreements and/or contracts entered into by District No. 3 were assumed by the District. District No. 3 has been dissolved. All improvements made by District No. 3 were also transferred to the District. On December 20, 2007 District No. 5 was dissolved.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation
The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/the statement of net position and the statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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.*

Major individual governmental funds and 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 *availabl*e when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

> General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.
>
> Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

<u>Budgetary Accounting</u>

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end.

<u>Assets, Liabilities and Net Position</u>

<u>Fair Value of Financial Instruments</u>

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Original Issue Premium and Prepaid Debt Insurance

The Deferred Loss on Refunding from the Series 2016 Bonds is being amortized over the term of the bonds using the straight-line method. Accumulated amortization amounted to $323,616 at December 31, 2018.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. As of 12/31/2012, the District has conveyed all of the capital improvements of the District to other governmental entities except for the pool and clubhouse. Control, operations and maintenance of the pool and clubhouse was transferred to the Home Owners Association ("HOA"). Control operations and maintenance of the pool and clubhouse are required to be performed by the HOA as reflected in the HOA's 2003 Declaration of Covenants, Conditions and Restrictions.

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of $3,327 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $1,855 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $288,612 is restricted for the payment of the debt service costs associated with the General Obligation Refunding Bonds Series 2016A and Series 2016B

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. At December 31, 2018, the District did not have any amount to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2018, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 172,145
Cash and investments – Restricted	279,020
Total	$ 451,165

Cash and investments as of December 31, 2018, consist of the following:

Deposits with financial institutions	$ 1,225
Investments – COLOTRUST	449,940
	$ 451,165

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. 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.

The District does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2018, the District had the following investment:

COLOTRUST
The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. The COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by the COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2018, the District had $449,940 invested in COLOTRUST.

Note 3: Long Term Debt

The following is an analysis of changes in long-term debt for the period ending December 31, 2018:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Current Portion
General Obligation Limited Tax Refunding Bonds, Series 2016A	$ 9,805,000	$ -	$ 380,000	$ 9,425,000	$ 395,000
General Obligation Limited Tax Refunding Bonds, Series 2016B	8,099,000	-	305,000	7,794,000	326,000
	$ 17,904,000	$ -	$ 685,000	$ 17,219,000	$ 721,000

A description of the long-term obligations as of December 31, 2018, is as follows:

<u>$10,000,000 General Obligation Limited Tax Refunding Bonds, Series 2016A</u>
On December 16, 2016, the District issued $10,000,000 of General Obligation Limited Tax Refunding Bonds, Series 2016A, ("Series 2016A Bonds") dated December 16, 2016, for the purpose of advance refunding the District's General Obligation Refunding Bonds, Series 2007, (in conjunction with the Series 2016B Bonds detailed below), and paying the costs of the issuance of the Bonds and the costs of the refunding of the 2007 Bonds. The 2016A Bonds bear interest at the rate of 4.95% prior to the Tax-Exempt Reissuance Date, payable semiannually on each June 1 and December 1, commencing on June 1, 2017, and mature on December 1, 2036. After the Tax-Exempt Reissuance Date, the interest rate will be reduced to 3.91% or 3.22% depending on whether the Series 2016A Bonds are deemed to be qualified tax-exempt obligations as further explained in the Bond documents. The Series 2016A Bonds are subject to early redemption at the option of the District, as a whole or in integral multiples of $1,000,000, subject to a prepayment fee as further defined in the Sale Certificate and are subject to mandatory sinking fund redemption commencing on December 1, 2017. The 2016A Bonds are secured by Pledged Revenues including the Required Mill Levy, the portion of Specific Ownership Tax related to the Required Mill Levy and any other moneys determined by the District.

<u>$8,260,000 General Obligation Limited Tax Refunding Bonds, Series 2016B</u>
On December 16, 2016, the District issued $8,260,000 of General Obligation Limited Tax Refunding Bonds, Series 2016B, ("Series 2016B Bonds") dated December 16, 2016, for the purpose of advance refunding the District's General Obligation Refunding Bonds, Series 2007, (in conjunction with the Series 2016A Bonds detailed above), and paying the costs of the issuance of the Bonds and the costs of the refunding of the 2007 Bonds. The 2016B Bonds bear interest at the rate of 4.95% prior to the Tax-Exempt Reissuance Date, payable semiannually on each June 1 and December 1, commencing on June 1, 2017, and mature on December 1, 2036. After the Tax-Exempt Reissuance Date, the interest rate will be reduced to 3.91% or 3.22% depending on whether the Series 2016B Bonds are deemed to be qualified tax-exempt obligations as further explained in the Bond documents. The Series 2016B Bonds are subject to early redemption at the option of the District, as a whole or in integral multiples of $1,000,000, subject to a prepayment fee as further defined in the Sale Certificate and are subject to mandatory sinking fund redemption commencing on December 1, 2017. The 2016B Bonds are secured by Pledged Revenues including the Required Mill Levy, the portion of Specific Ownership Tax related to the Required Mill Levy and any other moneys determined by the District.

As a result of the issuance of the Series 2016A and 2016B Bonds, the refunded bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by $3,163,521. This amount is recorded as a deferred outflow and is being amortized over the life of the 2016 Bonds. The refunding resulted in an economic gain of $2,541,364 due to the average interest rate of the Series 2016A and 2016B Bonds being lower than the refunded bonds and a present value savings of $1,229,954.

The following is a summary of the annual long-term debt principal and interest requirements:

	Principal	Interest	Total
2019	$ 721,000	$ 554,452	$ 1,275,452
2020	742,000	531,236	1,273,236
2021	768,000	507,343	1,275,343
2022	794,000	482,614	1,276,614
2023	820,000	457,047	1,277,047
2024-2028	4,509,000	1,872,011	6,381,011
2029-2033	5,274,000	1,098,503	6,372,503
2034-2036	3,591,000	233,642	3,824,642
	$ 17,219,000	$ 5,736,848	$ 22,955,848

As of December 31, 2018, the District had remaining voted debt authorization of approximately $18,100,000. The District has not budgeted to issue any additional debt in 2018.

Note 4: Related Party

One of the members of the Board of Directors is the president of Sapphire Point Development Inc, which a landowner within the District. Management believes that all potential conflicts, if any, have been disclosed by the Board.

Note 5: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The Colorado Special Districts Property and Liability Pool (the Pool) is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

1) Long-term liabilities such as bonds payable and accrued bond interest payable, are not due and payable in the current period and, therefore, are not in the funds; and

2) deferred loss on refunding costs are recorded as a deferred outflow of resources and amortized over the term of the related debt.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following element:

1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities.

SUPPLEMENTAL INFORMATION

Maher Ranch Metropolitan District #4

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2018

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 1,131,310	$ 1,141,133	$ 9,823
Specific ownership taxes	84,849	109,461	24,612
Facility fee	-	9,000	9,000
Miscellaneous	2,500	21,318	18,818
Total Revenues	1,218,659	1,280,912	62,253
EXPENDITURES			
Bond principal	685,000	685,000	-
Bond interest expense	588,574	588,188	386
Trustee fees	4,000	4,100	(100)
Miscellaneous expenses	1,500	-	1,500
Treasurer's fees	16,970	16,967	3
Total Expenditures	1,296,044	1,294,255	1,789
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(77,385)	(13,343)	64,042
OTHER FINANCING SOURCES (USES)			
Transfer (to) other funds	35,000	-	(35,000)
Total Other Financing Sources (Uses)	35,000	-	(35,000)
CHANGE IN FUND BALANCE	(42,385)	(13,343)	29,042
FUND BALANCE - BEGINNING OF YEAR	281,017	301,955	20,938
FUND BALANCE - END OF YEAR	$ 238,632	$ 288,612	$ 49,980

The notes to the financial statements are an integral part of these statements.

EXHIBIT B

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.

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[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 <u>if</u> they are approved by counties and municipalities <u>through public hearings</u> pursuant to 29-1-301(1.2) C.R.S. and for special districts <u>through approval from the Division of Local Government</u> pursuant to 29-1-302(1.5) C.R.S. or for any *taxing entity* if <u>approved at election</u>. 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: <u>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.</u> 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 <u>down</u> 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 C

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 2018, 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
Attorneys at Law

White Bear Ankele Tanaka & Waldron