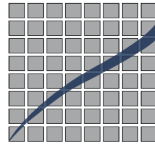


CATHEDRAL PINES METROPOLITAN DISTRICT
EL PASO COUNTY, COLORADO

FINANCIAL STATEMENTS
DECEMBER 31, 2023

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cathedral Pines Metropolitan District
El Paso County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Cathedral Pines Metropolitan District ("District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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.

Other Matters

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 which 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 opinions on the basic financial statements are 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 identified 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. Such 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 23, 2024

CATHEDRAL PINES METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2023

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 125,354
Cash and investments - restricted	153,909
Accounts receivable	4,700
Receivable from County Treasurer	4,634
Property taxes receivable	630,722
Capital assets:	
Capital assets, net	897,140
Construction in progress	261,368
Total assets	<u>2,077,827</u>
<u>LIABILITIES</u>	
Accounts payable	29,858
Accrued liabilities	750
Accrued interest	17,529
Noncurrent liabilities:	
Due within one year	85,000
Due in more than one year	4,448,584
Total liabilities	<u>4,581,721</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property taxes	630,722
Deferred revenues	17,875
Total deferred inflows of resources	<u>648,597</u>
<u>NET POSITION</u>	
Net investment in capital assets	(1,451,321)
Restricted for:	
Debt service	118,156
Emergency reserve	18,100
Unrestricted	<u>(1,837,426)</u>
Total net position	<u>\$ (3,152,491)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

CATHEDRAL PINES METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>FUNCTIONS / PROGRAMS</u>					
Primary government					
Government activities:					
General government	\$ 439,430	\$ 80,532	\$ 55,283	\$ -	\$ (303,615)
Interest and related cost on long-term debt	194,799	-	-	-	(194,799)
Total government activities	\$ 634,229	\$ 80,532	\$ 55,283	\$ -	(498,414)
<u>GENERAL REVENUES</u>					
Property taxes					575,834
Specific ownership taxes					60,340
Investment income					11,862
Total general revenues					648,036
Change in net position					149,622
Net position, beginning of year					(3,302,113)
Net position, end of year					\$ (3,152,491)

The accompanying notes and independent auditor's report
should be read with these financial statements.

CATHEDRAL PINES METROPOLITAN DISTRICT

BALANCE SHEETS - GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 125,354	\$ -	\$ 125,354
Cash and investments - restricted	18,100	135,809	153,909
Accounts receivable	4,700	-	4,700
Receivable from County Treasurer	2,317	2,317	4,634
Property taxes receivable	332,881	297,841	630,722
Due from other funds	2,441	-	2,441
Total assets	\$ 485,793	\$ 435,967	\$ 921,760
LIABILITIES			
Accounts payable	\$ 29,858	\$ -	\$ 29,858
Accrued liabilities	750	-	750
Due to other funds	-	2,441	2,441
Total liabilities	30,608	2,441	33,049
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	332,881	297,841	630,722
Deferred revenues	17,875	-	17,875
Total deferred inflows of resources	350,756	297,841	648,597
FUND BALANCES			
Restricted for:			
Debt service	-	135,685	135,685
Emergency reserve	18,100	-	18,100
Unassigned:			
Unrestricted	86,329	-	86,329
Total fund balances	104,429	135,685	240,114
Total liabilities, deferred inflows of resources, and fund balances	\$ 485,793	\$ 435,967	
Amounts reported in governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Capital assets, net			897,140
Construction in progress			261,368
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Bonds payable			(4,533,584)
Accrued interest on bonds payable			(17,529)
Net position of governmental activities			\$ (3,152,491)

The accompanying notes and independent auditor's report should be read with these financial statements.

CATHEDRAL PINES METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Rental revenues	\$ 80,532	\$ -	\$ 80,532
Property taxes	287,917	287,917	575,834
Specific ownership taxes	60,340	-	60,340
Investment income	-	11,862	11,862
Grant revenues	55,283	-	55,283
Total revenues	484,072	299,779	783,851
EXPENDITURES			
Current:			
Capital outlay	261,368	-	261,368
Cleaning services	5,598	-	5,598
County Treasurer fees	4,324	4,324	8,648
Election	16,555	-	16,555
Insurance	13,851	-	13,851
Landscaping and maintenance	58,295	-	58,295
Marketing	17,396	-	17,396
Office expense	1,015	-	1,015
Management fees	108,197	-	108,197
Professional fees	22,157	-	22,157
Repairs and maintenance	32,426	-	32,426
Security	2,597	-	2,597
Snow removal	24,870	-	24,870
Supplies	427	-	427
Telephone	2,460	-	2,460
Trash service expense	2,348	-	2,348
Utilities	27,538	-	27,538
Debt service:			
Bond principal payments	-	75,000	75,000
Bond interest payments	-	213,350	213,350
Other expense	-	399	399
Total expenditures	601,422	293,073	894,495
Net change in fund balances	(117,350)	6,706	(110,644)
Fund balances, beginning of year	221,779	128,979	350,758
Fund balances, end of year	\$ 104,429	\$ 135,685	\$ 240,114

The accompanying notes and independent auditor's report should be read with these financial statements.

CATHEDRAL PINES METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net change in fund balances \$ (110,644)

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful lives of the assets. Capital outlay, the conveyance of capital assets to other governments, and depreciation expense in the current period are as follows:

<u>Capital outlay</u>	261,368
<u>Depreciation</u>	<u>(95,052)</u>

The issuance of long-term debt (such as bonds, leases, and 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

<u>Bond principal payments</u>	75,000
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Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

<u>Amortization of bond premium</u>	18,700
<u>Change in accrued interest on bonds</u>	<u>250</u>

<u>Change in net position</u>	<u>\$ 149,622</u>
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The accompanying notes and independent auditor's report
should be read with these financial statements.

CATHEDRAL PINES METROPOLITAN DISTRICT

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL) YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Rental revenues	\$ 125,200	\$ 65,200	\$ 80,532	\$ 15,332
Property taxes	288,218	288,034	287,917	(117)
Specific ownership taxes	40,351	40,351	60,340	19,989
Grant revenues	20,000	55,283	55,283	-
Total revenues	473,769	448,868	484,072	35,204
EXPENDITURES				
Capital outlay	-	261,368	261,368	-
Cleaning services	4,000	5,598	5,598	-
Contingency	20,000	-	-	-
County Treasurer fees	4,323	4,324	4,324	-
Election	25,000	16,555	16,555	-
Insurance	12,500	13,851	13,851	-
Landscaping and maintenance	262,000	58,295	58,295	-
Marketing	5,000	17,396	17,396	-
Office expense	1,500	1,015	1,015	-
Management fees	50,715	108,197	108,197	-
Professional fees	62,000	22,157	22,157	-
Repairs and maintenance	85,000	32,426	32,426	-
Security	2,500	2,597	2,597	-
Snow removal	20,000	24,870	24,870	-
Subscriptions and fees	-	-	-	-
Supplies	4,000	427	427	-
Telephone	2,500	2,460	2,460	-
Trash service expense	2,500	2,348	2,348	-
Utilities	27,000	27,538	27,538	-
Total expenditures	590,538	601,422	601,422	-
Net change in fund balance	\$ -	\$ (152,554)	(117,350)	\$ 35,204
Fund balance, beginning of year			221,779	
Fund balance, end of year			<u>\$ 104,429</u>	

The accompanying notes and independent auditor's report
should be read with these financial statements.

CATHEDRAL PINES METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. DEFINITION OF REPORTING ENTITY

Cathedral Pines Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in November 2004, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to design, acquire, and construct street improvements and the related safety protection devices including, but not limited to, bridges, fencing, trails, lighting, landscaping, traffic, and safety controls and devices.

The District follows 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, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

Measurement focus, basis of accounting, and financial statement position

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectable 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 major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

The District reports the following major governmental funds:

The *general fund* accounts for all financial resources of the District except those required to be accounted for in another fund.

The *debt service fund* accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used for repayment of debt.

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, 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 annual budget for the year ended December 31, 2023.

Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, 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 balance.

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 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

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

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column 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 a useful life greater than one year. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, which range from 20 to 30 years.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Capital assets which are anticipated to be conveyed to other governmental entities are not depreciated or included in the calculation of net investment in capital assets component of the District's net position.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund balances and transactions

The District reports interfund balances and transfers that are representative of lending and borrowing arrangements between funds in the fund financial statements as due to other funds and due from other funds, respectively. The interfund balances have been eliminated in the government-wide statements.

Net position and fund balances

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 balances

Fund balances for governmental funds are 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. 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:

The *nonspendable fund balance* is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The *restricted fund balance* is 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.

The *committed fund balance* is 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.

The *assigned fund balance* is 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.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Use of estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor's report, the date these financial statements were available to be issued.

3. CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments	\$ 125,354
Cash and investments - restricted	<u>153,909</u>
	<u>\$ 279,263</u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2023, are as follows:

Deposits with financial institutions	\$ 143,454
Investments	<u>135,809</u>
	<u>\$ 279,263</u>

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. The 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 102% of the aggregate uninsured deposits.

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

As of December 31, 2023, the District's cash deposits had a bank balance of \$140,329 and a carrying balance of \$143,454.

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 below which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. The District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless otherwise formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Maturity	Amount
Eastern Colorado Bank Money Market	Weighted average under 60 days	\$ 135,809

The Eastern Colorado Bank Money Market is a money market fund that is managed by Eastern Colorado Bank and each share is equal in value to \$1. The fund is rated AAAM and invests in high quality short-term United States government securities. The average maturity of the underlying securities is 90 days or less.

4. CAPITAL ASSETS

The following is a summary of capital asset activity during the year ended December 31, 2023:

	Balance 01-01-23	Additions	Dispositions	Reclassifications	Balance 12-31-23
<u>Governmental activities</u>					
Capital assets, depreciable:					
Community building	\$ 1,328,384	\$ -	\$ -	\$ -	\$ 1,328,384
Parks, trails, and monuments	1,006,155	-	-	-	1,006,155
Equipment	13,922	-	-	-	13,922
Total capital assets, depreciable	2,348,461	-	-	-	2,348,461
Less accumulated depreciation	(1,356,269)	(95,052)	-	-	(1,451,321)
Capital assets, net	992,192	(95,052)	-	-	897,140
Capital assets, not depreciable:					
Construction in progress	-	261,368	-	-	261,368
Total capital assets, not depreciable	-	261,368	-	-	261,368
Total capital assets	\$ 992,192	\$ 166,316	\$ -	\$ -	\$ 1,158,508

Depreciation expense for the year ended December 31, 2023, totaled \$95,052.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2023:

	Balance 01-01-23	Additions	Repayments / Amortization	Balance 12-31-23	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2016 Bonds	\$ 4,335,000	\$ -	\$ (75,000)	\$ 4,260,000	\$ 85,000
Unamortized portion of premium	292,284	-	(18,700)	273,584	-
Total long-term obligations	\$ 4,627,284	\$ -	\$ (93,700)	\$ 4,533,584	\$ 85,000

Series 2016 General Obligation Refunding Bonds

On July 26, 2016, the District issued Series 2016 General Obligation Refunding Bonds ("Series 2016 Bonds") for the purpose of: (i) funding capitalized interest and reserves to the extent provided by the sale certificate; (ii) paying the costs of refunding previously issued bonds; and (iii) paying issuance and other costs in connection with the bonds and the refunding of the previously issued bonds. The Series 2016 Bonds were issued in the amount of \$4,660,000, plus an original issue premium of \$414,882. The bonds bear interest at interest rates set forth below, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of pledged revenues available on each June 1 and December 1, and mature on December 1 in the years and amounts as follows:

Maturity	Principal Amount	Interest Rate
2026	\$ 415,000	4.000%
2031	580,000	5.000%
2037	1,010,000	5.000%
2046	2,405,000	5.000%

Pledged revenues

The Series 2016 Bonds are secured by and payable from pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (a) the required mill levy of a minimum of 28.50 mills or such lesser mill levy which, when combined with other pledged revenue then held in the bond fund, will permit the District to fully fund the bond fund for the next bond year and pay the bonds as they come due, and to fund the surplus fund up to maximum surplus amount; and (b) any other legally available monies which the District determines to be treated as pledged revenue. Required mill levy means an ad valorem mill levy imposed upon taxable property within the District. The mill levy is adjusted for changes in the ratio of actual value to assessed value of property within the District.

The District is required to maintain bond and surplus cash accounts. The purpose of the surplus cash account is to provide adequate reserves to meet principal and interest requirements if the bond account does not have enough funding. The surplus account is required to be maintained as long as the bonds are outstanding.

Optional redemption

The bonds are subject to redemption prior to maturity at the discretion of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2026 or on any date thereafter, upon payment of par and accrued interest, without redemption premium.

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CATHEDRAL PINES METROPOLITAN DISTRICT
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The District's long-term obligations on the Series 2016 Bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 85,000	\$ 210,350	\$ 295,350
2025	85,000	206,950	291,950
2026	95,000	203,550	298,550
2027	100,000	199,750	299,750
2028	110,000	194,750	304,750
2029 - 2033	665,000	884,250	1,549,250
2034 - 2038	925,000	693,250	1,618,250
2039 - 2043	1,245,000	431,750	1,676,750
2044 - 2048	950,000	96,750	1,046,750
Total	<u>\$ 4,260,000</u>	<u>\$ 3,121,350</u>	<u>\$ 7,381,350</u>

Events of default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the indenture:

- i. The payment of the principal of or redemption premium on any bond is not made by the District when due;
- ii. The payment of any interest on any bond is not made by the District when due;
- iii. The District defaults in the performance of any other of its material covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the owners of 25% in aggregate principal amount of the bonds then outstanding; or
- iv. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

Upon the occurrence and continuance of an event of default, the owner of any bond may proceed to protect and enforce the rights of any owner under the bond resolution by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction; provided however, that so long as the bond insurer is not in default of its payment obligations under a policy, it will have the right to control all remedies upon an event of default. All such proceedings will be instituted, had, and maintained for the equal benefit of all owners of the bonds then outstanding.

There is no provision for acceleration of maturity of the principal of the bonds in the event of a default in the payment of principal of or interest on the bonds. Consequently, remedies available to the owners of the bonds may have to be enforced from year to year.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Debt authorization

As of December 31, 2023, the District's debt authorized, authorization used, and amounts authorized but unissued are as follows:

	<u>Electoral Authorization</u>	<u>Service Plan Authorization</u>
Amount authorized	\$ 10,000,000	\$ 5,000,000
Authorization used:		
Series 2016 Bonds	<u>(4,660,000)</u>	<u>(4,660,000)</u>
Authorized but unissued indebtedness	<u>\$ 5,340,000</u>	<u>\$ 340,000</u>

On November 2, 2004, the District's voters authorized the issuance of indebtedness at an interest rate not to exceed 16%. The service plan set the maximum mill levy for debt service at 35 mills.

6. NET POSITION

The District has net position consisting of: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2023, the District's net investment in capital assets was as follows:

Net investment in capital assets:	
Capital assets, net	\$ 897,140
Related long-term obligations	<u>(2,348,461)</u>
Net investment in capital assets	<u>\$ (1,451,321)</u>

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2023 as follows:

Restricted net position:	
Debt service (Note 5)	\$ 118,156
Emergency reserve (Note 8)	<u>18,100</u>
	<u>\$ 136,256</u>

The District had an unrestricted net position deficit as of December 31, 2023. This deficit amount is a result of the District being responsible for repayment of debt issued for public improvements.

7. 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.

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The District is a member of the Colorado Special Districts Property and Liability Pool ("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 any of the past three fiscal years.

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

8. 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 within the state of Colorado.

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. On November 2, 2004, the District's voters approved a ballot issue allowing the District to retain such revenues.

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.

District management believes the District 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 likely require judicial interpretation.

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SUPPLEMENTARY INFORMATION

CATHEDRAL PINES METROPOLITAN DISTRICT
DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE (BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES</u>				
Property taxes	\$ 288,218	\$ -	\$ 287,917	\$ 287,917
Investment income	1,500	-	11,862	11,862
Total revenues	289,718	-	299,779	299,779
<u>EXPENDITURES</u>				
Contingency	5,000	-	-	-
County Treasurer fees	4,323	4,324	4,324	-
Bond principal payments	75,000	75,000	75,000	-
Bond interest payments	213,350	213,350	213,350	-
Other expense	800	399	399	-
Total expenditures	298,473	293,073	293,073	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (293,073)</u>	6,706	<u>\$ 299,779</u>
Fund balance, beginning of year			<u>128,979</u>	
Fund balance, end of year			<u>\$ 135,685</u>	

See independent auditor's report.