

CASTLE PINES NORTH METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2013

with

Independent Auditors' Report

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Board of Directors  
Castle Pines North Metropolitan District  
Douglas County, Colorado

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Castle Pines North Metropolitan District (the "District"), as of and for the year ended December 31, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

#### ***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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally 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 of 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinions***

In our opinion, the financial statements referred to above and the required supplemental information present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Castle Pines North Metropolitan District as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof 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*

### *Required Supplemental Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 35 be presented to supplement the basic financial statements. Such 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. The required supplemental 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Castle Pines North Metropolitan District's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements.

The continuing disclosure of annual financial information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Simmons & Wheeler P.C.*

Centennial, CO  
June 9, 2014

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

STATEMENT OF NET POSITION

December 31, 2013

With Comparative Totals for December 31, 2012

	Governmental	Business-Type	Total	Total
	<u>Activities</u>	<u>Activities</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 2,987,164	\$ 6,431,270	\$ 9,418,434	\$ 10,771,461
Cash and investments - restricted	1,505,359	-	1,505,359	3,581,018
Receivable - county treasurer	38,323	-	38,323	29,922
Property taxes receivable	5,485,936	-	5,485,936	5,355,129
Accounts receivable - services	-	417,642	417,642	393,952
Accounts receivable - other	-	115,431	115,431	346,075
Prepaid expenses	-	400,000	400,000	-
Total Current Assets	<u>10,016,782</u>	<u>7,364,343</u>	<u>17,381,125</u>	<u>20,477,557</u>
<b>NON-CURRENT ASSETS</b>				
Capital assets, not being depreciated	63,321,059	6,667,419	69,988,478	77,177,673
Capital assets, net of accumulated depreciation	<u>2,346,664</u>	<u>46,094,414</u>	<u>48,441,078</u>	<u>38,936,497</u>
Total Non-current Assets	<u>65,667,723</u>	<u>52,761,833</u>	<u>118,429,556</u>	<u>116,114,170</u>
<b>TOTAL ASSETS</b>	<u>75,684,505</u>	<u>60,126,176</u>	<u>135,810,681</u>	<u>136,591,727</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on refunding	<u>529,771</u>	<u>-</u>	<u>529,771</u>	<u>640,364</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>529,771</u>	<u>-</u>	<u>529,771</u>	<u>640,364</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	131,163	311,926	443,089	1,293,849
Retainage payable	-	-	-	315,309
Accrued compensated absences	6,206	22,047	28,253	35,478
Reserve for reimbursement	-	-	-	16,795
Prepaid water revenue - less than one year	-	35,812	35,812	35,812
Accrued interest payable on long-term debt	45,612	-	45,612	106,942
Long-term debt payable - less than one year	<u>1,874,038</u>	<u>-</u>	<u>1,874,038</u>	<u>2,770,745</u>
Total Current Liabilities	<u>2,057,019</u>	<u>369,785</u>	<u>2,426,804</u>	<u>4,574,930</u>
<b>LONG-TERM LIABILITIES</b>				
Prepaid water revenue - greater than one year	-	35,795	35,795	71,607
Long-term debt payable, net of premium - greater than one year	<u>31,801,938</u>	<u>-</u>	<u>31,801,938</u>	<u>33,675,976</u>
Total Long-term Liabilities	<u>31,801,938</u>	<u>35,795</u>	<u>31,837,733</u>	<u>33,747,583</u>
<b>TOTAL LIABILITIES</b>	<u>33,858,957</u>	<u>405,580</u>	<u>34,264,537</u>	<u>38,322,513</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property taxes	<u>5,485,936</u>	<u>-</u>	<u>5,485,936</u>	<u>5,355,129</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>5,485,936</u>	<u>-</u>	<u>5,485,936</u>	<u>5,355,129</u>
<b>NET POSITION</b>				
Net investment in capital assets	31,991,747	52,761,833	84,753,580	79,667,449
Restricted for:				
Emergency Reserve	138,000	-	138,000	140,000
Debt service	1,239,437	-	1,239,437	3,364,205
Conservation Trust Fund	265,922	-	265,922	216,513
Unrestricted	<u>3,234,277</u>	<u>6,958,763</u>	<u>10,193,040</u>	<u>10,166,282</u>
<b>TOTAL NET POSITION</b>	<u>\$ 36,869,383</u>	<u>\$ 59,720,596</u>	<u>\$ 96,589,979</u>	<u>\$ 93,554,449</u>

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

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			2012
	Total Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total	
			Grants and Contributions	Grants and Contributions				
<b>Governmental Activities:</b>								
General government	\$ 2,546,999	\$ 67,638	\$ 1,006,485	\$ -	\$ (1,472,876)	\$ -	\$ (1,472,876)	\$ (1,564,852)
Intergovernmental revenues	-	-	263,824	-	263,824	-	263,824	245,240
Interest and related costs on long-term debt	1,080,905	-	-	-	(1,080,905)	-	(1,080,905)	(1,806,869)
Depreciation	254,223	-	-	-	(254,223)	-	(254,223)	(254,925)
Total Governmental Activities	<u>3,882,127</u>	<u>67,638</u>	<u>1,270,309</u>	<u>-</u>	<u>(2,544,180)</u>	<u>-</u>	<u>(2,544,180)</u>	<u>(3,381,406)</u>
<b>Business-Type Activities:</b>								
Water	4,338,494	3,711,970	-	-	-	(626,524)	(626,524)	500,665
Wastewater	1,469,220	1,483,931	-	-	-	14,711	14,711	50,616
Storm drainage	91,080	134,000	-	-	-	42,920	42,920	17,740
Total Business-Type Activities	<u>5,898,794</u>	<u>5,329,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(568,893)</u>	<u>(568,893)</u>	<u>569,021</u>
<b>Total</b>	<u>\$ 9,780,921</u>	<u>\$ 5,397,539</u>	<u>\$ 1,270,309</u>	<u>\$ -</u>	<u>(2,544,180)</u>	<u>(568,893)</u>	<u>(3,113,073)</u>	<u>(2,812,385)</u>
<b>General Revenues:</b>								
Property taxes					5,268,294	-	5,268,294	5,309,756
Specific ownership taxes					449,104	-	449,104	409,994
Miscellaneous income					7,047	405,108	412,155	99,413
Interest income					8,105	10,945	19,050	31,238
Total General Revenues					<u>5,732,550</u>	<u>416,053</u>	<u>6,148,603</u>	<u>5,850,401</u>
Change in Net Position					3,188,370	(152,840)	3,035,530	3,038,016
Net Position - Beginning					<u>33,681,013</u>	<u>59,873,436</u>	<u>93,554,449</u>	<u>90,516,433</u>
Net Position - Ending					<u>\$ 36,869,383</u>	<u>\$ 59,720,596</u>	<u>\$ 96,589,979</u>	<u>\$ 93,554,449</u>

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

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2013

With Comparative Totals for December 31, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental 2013</u>	<u>Total Governmental 2012</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,987,164	\$ -	\$ 2,987,164	\$ 2,781,771
Cash and investments - restricted	265,922	1,239,437	1,505,359	216,813
Receivable - county treasurer	38,323	-	38,323	29,922
Property taxes receivable	2,542,263	2,943,673	5,485,936	5,355,129
Accounts receivable - other	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,875</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,833,672</u>	<u>\$ 4,183,110</u>	<u>10,016,782</u>	<u>8,386,510</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 131,163	\$ -	131,163	371,079
Accrued compensated absences	<u>6,206</u>	<u>-</u>	<u>6,206</u>	<u>12,430</u>
<b>TOTAL LIABILITIES</b>	<u>137,369</u>	<u>-</u>	<u>137,369</u>	<u>383,509</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property taxes	<u>2,542,263</u>	<u>2,943,673</u>	<u>5,485,936</u>	<u>5,355,129</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,542,263</u>	<u>2,943,673</u>	<u>5,485,936</u>	<u>5,355,129</u>
<b>FUND BALANCES/NET POSITION:</b>				
<b>FUND BALANCES:</b>				
Restricted for:				
Emergency Reserve	138,000	-	138,000	140,000
Debt service	-	1,239,437	1,239,437	-
Conservation Trust Fund	265,922	-	265,922	216,513
Assigned	244,234	-	244,234	246,272
Unassigned	<u>2,505,884</u>	<u>-</u>	<u>2,505,884</u>	<u>2,045,087</u>
Total Fund Balances	<u>3,154,040</u>	<u>1,239,437</u>	<u>4,393,477</u>	<u>2,647,872</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 5,833,672</u>	<u>\$ 4,183,110</u>		

Amounts reported for 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	65,667,723	65,921,946
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:		
Bonds payable	(11,355,000)	(12,530,000)
Bond premium, net of amortization	(125,976)	(141,153)
Bond costs of refunding, net of amortization	529,771	640,364
Certificates of Participation payable	(22,195,000)	(22,805,000)
Accrued interest payable - long-term debt	<u>(45,612)</u>	<u>(53,016)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 36,869,383</u>	<u>\$ 33,681,013</u>

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

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2013

With Comparative Totals For the Year Ended December 31, 2012

	2013			2012 Total
	General	Debt Service	Total	
REVENUES				
Property taxes	\$ 2,441,405	\$ 2,826,889	\$ 5,268,294	\$ 5,309,756
Specific ownership taxes	449,104	-	449,104	409,994
Intergovernmental revenues	49,104	214,720	263,824	245,240
Farm land revenue	26,000	-	26,000	26,000
Lease income	67,638	-	67,638	80,712
Oil royalty income	7,122	-	7,122	13,494
Base Rental income	973,363	-	973,363	943,446
Investment income	5,747	2,358	8,105	17,082
Miscellaneous income	7,047	-	7,047	12,113
	4,026,530	3,043,967	7,070,497	7,057,837
Total Revenues				
EXPENDITURES				
General government	1,822,642	44,884	1,867,526	1,960,067
Parks and open space	724,357	-	724,357	668,437
Debt service	973,363	1,759,646	2,733,009	4,144,526
	3,520,362	1,804,530	5,324,892	6,773,030
Total Expenditures				
EXCESS OF REVENUES OVER EXPENDITURES	506,168	1,239,437	1,745,605	284,807
OTHER FINANCING SOURCES (USES)				
Transfer (to) other funds	-	-	-	(10,364,205)
Total Other Financing Sources (Uses)	-	-	-	(10,364,205)
NET CHANGES IN FUND BALANCES	506,168	1,239,437	1,745,605	(10,079,398)
FUND BALANCES:				
BEGINNING OF YEAR	2,647,872	-	2,647,872	12,727,270
END OF YEAR	\$ 3,154,040	\$ 1,239,437	\$ 4,393,477	\$ 2,647,872

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



**CASTLE PINES NORTH METROPOLITAN DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	<u>2013</u>	<u>2012</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - Total governmental funds	\$ 1,745,605	\$ (10,079,398)
 Governmental funds report capital outlays as expenditures. In the Statement of Activities capital outlays are not reported as expenditures. However, the Statement of Activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful lives of the asset.		
Depreciation expense	(254,223)	(254,925)
 The issuance of long-term debt (e.g., bonds, Certificates of Participation) provides current financial resources to governmental funds, while the repayment of the principal 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 bond premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Bonds - cost of refunding amortization	(110,593)	(791,605)
Bonds - premium amortization	15,177	16,271
Bonds - principal payments	1,175,000	2,530,000
Certificates of Participation - principal payments	610,000	580,000
 Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest on bonds payable	<u>7,404</u>	<u>2,991</u>
 Change in Net Position of Governmental Activities	<u>\$ 3,188,370</u>	<u>\$ (7,996,666)</u>

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### STATEMENT OF NET POSITION ENTERPRISE FUNDS December 31, 2013

With Comparative Totals for December 31, 2012

	Water	Wastewater	Storm Drainage	2013 Total	2012
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 6,146,618	\$ 143,359	\$ 141,293	\$ 6,431,270	\$ 11,353,895
Accounts receivable - services	231,794	170,197	15,651	417,642	391,077
Accounts receivable - other	115,431	-	-	115,431	346,075
Prepaid expenses	400,000	-	-	400,000	-
Total Current Assets	6,893,843	313,556	156,944	7,364,343	12,091,047
<b>CAPITAL ASSETS</b>					
Property, plant and equipment	56,498,089	11,316,453	36,440	67,850,982	63,760,921
Accumulated depreciation	(12,910,965)	(2,151,922)	(26,262)	(15,089,149)	(13,568,697)
Total Capital Assets	43,587,124	9,164,531	10,178	52,761,833	50,192,224
<b>TOTAL ASSETS</b>	<b>50,480,967</b>	<b>9,478,087</b>	<b>167,122</b>	<b>60,126,176</b>	<b>62,283,271</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	249,649	61,126	1,151	311,926	922,770
Retainage payable	-	-	-	-	315,309
Accrued compensated absences	11,023	8,819	2,205	22,047	23,048
Reserve for reimbursement	-	-	-	-	16,795
Accrued note interest payable	-	-	-	-	53,926
Prepaid water revenue - less than one year	35,812	-	-	35,812	35,812
Note payable - less than one year	-	-	-	-	970,568
Total Current Liabilities	296,484	69,945	3,356	369,785	2,338,228
<b>LONG-TERM LIABILITIES</b>					
Prepaid water revenue - greater than one year	35,795	-	-	35,795	71,607
Total Long-Term Liabilities	35,795	-	-	35,795	71,607
<b>TOTAL LIABILITIES</b>	<b>332,279</b>	<b>69,945</b>	<b>3,356</b>	<b>405,580</b>	<b>2,409,835</b>
<b>NET POSITION</b>					
Net investment in capital assets	43,587,124	9,164,531	10,178	52,761,833	50,192,224
Unrestricted	6,561,564	243,611	153,588	6,958,763	9,681,212
<b>TOTAL NET POSITION</b>	<b>\$ 50,148,688</b>	<b>\$ 9,408,142</b>	<b>\$ 163,766</b>	<b>\$ 59,720,596</b>	<b>\$ 59,873,436</b>

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

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ENTERPRISE FUNDS

For the Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Water charges	\$ 3,711,970	\$ 4,090,391
Wastewater charges	1,483,931	1,417,109
Storm drainage charges	<u>134,000</u>	<u>128,708</u>
Total Operating Revenues	<u>5,329,901</u>	<u>5,636,208</u>
<b>OPERATING EXPENSES</b>		
Water operations	4,338,494	3,527,428
Wastewater operations	1,469,220	1,366,493
Storm drainage operations	<u>91,080</u>	<u>110,968</u>
Total Operating Expenses	<u>5,898,794</u>	<u>5,004,889</u>
<b>GAIN (LOSS) FROM OPERATIONS</b>	<u>(568,893)</u>	<u>631,319</u>
<b>NON-OPERATING REVENUES</b>	416,053	39,158
<b>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	(152,840)	670,477
Operating transfers in	-	10,364,205
<b>NET INCOME (LOSS) - CHANGE IN NET POSITION</b>	(152,840)	11,034,682
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>59,873,436</u>	<u>48,838,754</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 59,720,596</u>	<u>\$ 59,873,436</u>

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

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS

For the Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and others	\$ 5,584,474	\$ 5,399,082
Payments to suppliers	(5,300,486)	(2,417,968)
Payments to employees	<u>(400,702)</u>	<u>(380,856)</u>
Net Cash Provided (Required) by Operating Activities	<u>(116,714)</u>	<u>2,600,258</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	-	10,364,205
Utility rebates and refund	<u>302,007</u>	<u>-</u>
Net Cash Provided by Non-capital Financing Activities	<u>302,007</u>	<u>10,364,205</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Note interest	(58,234)	(113,172)
Note principal	(970,568)	(915,630)
Acquisition of capital assets	<u>(4,090,061)</u>	<u>(3,643,161)</u>
Net Cash Required by Capital and Related Financing Activities	<u>(5,118,863)</u>	<u>(4,671,963)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	<u>10,945</u>	<u>14,156</u>
Net Cash Provided by Investing Activities	<u>10,945</u>	<u>14,156</u>
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(4,922,625)	8,306,656
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>11,353,895</u>	<u>3,047,239</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 6,431,270</u>	<u>\$ 11,353,895</u>
<b>RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES</b>		
Net gain (loss) from operations	\$ (568,893)	\$ 631,319
<b>ADJUSTMENTS TO RECONCILE OPERATING GAIN (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES</b>		
Depreciation	1,520,452	1,252,601
Changes in Assets and Liabilities:		
Accounts receivable - services	(26,565)	18,299
Accounts receivable - other	333,745	(94,627)
Prepaid expenses	(400,000)	-
Accounts payable	(610,844)	922,770
Retainage payable	(315,309)	27,022
Accrued compensated absences	(1,001)	3,672
Other liabilities	(12,487)	-
Deferred revenue	<u>(35,812)</u>	<u>(160,798)</u>
Net Adjustments	<u>452,179</u>	<u>1,968,939</u>
<b>NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES</b>	<u>\$ (116,714)</u>	<u>\$ 2,600,258</u>

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

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2013

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Castle Pines North Metropolitan District (“District”), 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 these financial statements.

#### Definition of Reporting Entity

The District was established as a quasi-municipal corporation and political subdivision of the State of Colorado under the Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized by a court order on June 11, 1984, and is governed by an elected five member Board of Directors (“Board”). The District was established to provide water service, wastewater service, storm drainage service and parks and open space services for the benefit of the property owners, residents and users of the facilities of the District.

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 GASB pronouncements, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides 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 financially accountable for the Castle Pines North Finance Corporation (“Corporation”), which is a Colorado non-profit corporation formed in January 2008 for the purpose of financing, constructing, equipping, owning, leasing and operating real and personal property to be leased by the District for water supply, water storage, water treatment or water distribution pursuant to a lease and other agreements with the District. Despite being a separate legal entity, the Corporation is being presented as a blended component unit of the District because the purpose of the Corporation is to provide an exclusive benefit to, and is intertwined with, the District.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

The District has employees for operations, management and administrative functions. Other functions are contracted.

#### Recently Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statements also limits the use of the term deferred to items reported as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and the District elected to early implement GASB Statement 65 in fiscal year 2012.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012. The District adopted Statement 61 in the fiscal year 2012. The adoption of Statement 61 does not have any impact on the District's financial statements. Information concerning the Corporation, the blended component unit, can be obtained by contacting the District.

#### Recently Issued Accounting Pronouncements

There are no recently issued accounting pronouncements that could affect the District.

#### Basis of Presentation

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position reports all financial and capital resources of the District. The difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources of the District is reported as Net Position.

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2013

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 included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 in 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 become both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. The material sources of revenue subject to accrual are property taxes and interest. Expenditures 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.

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2013

The District reports the following major proprietary funds:

**Water Enterprise Fund** – The Water Enterprise Fund accounts for the water operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Wastewater Enterprise Fund** – The Wastewater Enterprise Fund accounts for the wastewater operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Storm Drainage Enterprise Fund** – The Storm Drainage Enterprise Fund accounts for the storm drainage operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses or capital contributions.

### Budgets

The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

- By October 15, the District Manager submits to the Board, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is formally adopted through passage of a Board resolution and monies are appropriated by fund.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board through passage of a budget amendment.



## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

- The District appropriates revenues and expenditures by fund as part of the budget approval process. Budgets for the General and Debt Service Funds are adopted on a basis consistent with GAAP. Budgetary comparisons presented for the Enterprise Fund are presented on a non-GAAP budgetary basis.
- Budgeted amounts in the financial statements are reported as originally adopted or as amended by the Board. All appropriations lapse at year end.

#### Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers cash deposits with an original maturity of three months or less to be cash equivalents.

#### Assets, Liabilities, and Net Position

##### Fair Value of Financial Instruments

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 as of December 31, 2013 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements. The carrying amount of these financial instruments approximates fair value because of the short maturity of the instruments.

##### Cash and Cash Equivalents

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. The District's investments are reported at fair value.

The District follows the practice of pooling cash and investments from 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 funds' average equity balance in the total cash and investments.

##### Allowance for Doubtful Accounts

Tap fees, user fees and similar fees set by the District's Board constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables, except as listed below for property taxes, has been made in the financial statements.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

#### Property Tax

Property taxes are certified by the District's Board. The levy is based on assessed valuations determined by the Douglas County Assessor generally as of January 1 of each year. The levy is certified by December 15 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 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 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.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 Net 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 only one type of item that qualifies for reporting in this category. Deferred property taxes are recognized as an inflow of resources in the period that the amounts become available.

#### Estimates

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

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2013

### Capital Assets

Capital assets, which include property, equipment and infrastructure assets are reported in the applicable governmental or business-type 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 one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of capital assets or materially extend the life of capital assets 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 is reported on the Statement of Activities as a current charge. Improvements classified as construction-in-progress are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Distribution system	50 - 100 years
Collection system	50 - 100 years
Buildings	25 - 60 years
Trails	12 - 30 years
Machinery and equipment	5 - 25 years
Parking lots	15 years
Irrigation systems	30 years
Office furniture and equipment	5 years

### Compensated Absences

The District allows employees to accumulate unused personal leave time. As of December 31, 2013, the District accrued personal leave totaling \$28,253. That amount is included as liabilities in the General Fund and the Proprietary Fund.

### Long-Term Obligations

In the government-wide financial statements, and in the enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type Statement of Net Position. Bonds payable are reported net of applicable bond premium, discount and cost of refunding.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

#### Bond Cost of Refunding and Bond Premiums – Series 2006 Bonds

Bond premiums and the costs of refunding from the Series 2006 Bonds are being amortized over the respective terms of the bonds using the interest method. As of December 31, 2013, the accumulated amortization of the bond premiums is \$139,363 and the accumulated amortization of the costs of refunding is \$2,182,007.

#### Fund Balance and Net Position

##### Fund Balances

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:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or laws or regulations of other governmental entities.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision making authority for the District. Committed fund balances may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Board's adopted policy, the Board has the authority to assign the designated fund balance for each governmental fund based on the intended use of resources by the District in the most recently adopted budget.

Unassigned – all other spendable 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

Net Position

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

Net investment in capital assets – consists of net capital assets, except for construction in progress, 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.

Restricted net position – 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.

Comparative Data

Comparative total data for the prior year is presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. For presentation purposes only, comparative total data for the prior year may have been reclassified.

Note 2: Cash and Investments

As of December 31, 2013, cash and investments are classified in the Statement of Net Position as follows:

	<u>2013</u>	<u>2012</u>
Restricted cash:		
Governmental activities	\$ 1,505,359	\$ 216,813
Business-type activities	-	3,364,205
Unrestricted cash:		
Governmental activities	2,987,164	2,781,771
Business-type activities	6,431,270	7,989,690
Total cash and investments	<u>\$ 10,923,793</u>	<u>\$ 14,352,479</u>

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

Cash and investments as of December 31, 2013 consist of the following:

	<u>2013</u>	<u>2012</u>
Petty cash	\$ 300	\$ 300
Deposits with financial institutions	9,783,812	3,666,799
Investments	<u>1,139,681</u>	<u>10,685,380</u>
Total	<u>\$ 10,923,793</u>	<u>\$ 14,352,479</u>

Deposits

Custodial Credit Risk - Deposits

Custodial Credit Risk is the risk that in the event of failure of a depository financial institution, the District's deposits may not be returned to it. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial 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 uninsured deposits. The State Commissions 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, 2013, the District's cash deposits had a bank balance of \$9,877,257 that was either federally insured or collateralized by PDPA.

Investments

Credit risk

The District has a formal investment policy which follows Colorado Revised Statutes ("CRS"), which specify in which investments 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

Due to the limitations specified by CRS, the District's investments are not subject to concentration risk disclosure requirements or subject to investment custodial credit risk.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

#### Interest Rate Risk

CRS limit investment maturities to five years or less, unless otherwise formally approved by the Board.

#### Federated Treasury Obligations Fund

During 2013, the District's funds in the trust accounts at UMB were invested in the Federated Treasury Obligations Fund ("Federated Fund"). This portfolio is a money market fund that invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the U.S. Government, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Fund is rated AAAM by Standard & Poor's. As of December 31, 2013, the District had \$34 invested in the Federated Treasury Obligations Fund.

#### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard and Poor's and the maturity is a weighted average under 60 days. COLOTRUST is an investment trust/joint venture established for local governmental entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios 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 or repurchase agreements collateralized by certain obligations of U.S. Government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. As of December 31, 2013, the District had \$1,101,980 invested in COLOTRUST PLUS+.

#### Wells Fargo Secured Institutional Money Market Account

During 2013, the Corporation's funds in the trust accounts at Wells Fargo Bank N.A. were invested in the Wells Fargo Secured Institutional Money Market Account. This portfolio is a money market fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the U.S. Government, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. This fund is rated AAAM by Standard & Poor's and the maturity is a weighted average under 30 days. As of December 31, 2013, the Corporation had \$37,667 invested in this fund.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2013 follows:

	Balance 01-01-13	Additions	Transfers/ Deletions	Balance 12-31-13
<u>Governmental Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Land and improvements to land	\$ 45,583,416	\$ -	\$ -	\$ 45,583,416
Water storage rights	8,366,941	-	-	8,366,941
Construction-in-progress	<u>9,370,702</u>	<u>-</u>	<u>-</u>	<u>9,370,702</u>
Total capital assets not being depreciated	<u>63,321,059</u>	<u>-</u>	<u>-</u>	<u>63,321,059</u>
<u>Capital assets being depreciated:</u>				
Parking lots	202,710	-	-	202,710
Parks, buildings & equipment	2,911,764	-	-	2,911,764
Concrete trails	1,439,434	-	-	1,439,434
Asphalt trails	302,064	-	-	302,064
Irrigation systems	436,943	-	-	436,943
Office furniture & equipment	<u>22,587</u>	<u>-</u>	<u>-</u>	<u>22,587</u>
Total capital assets being depreciated	<u>5,315,502</u>	<u>-</u>	<u>-</u>	<u>5,315,502</u>
<u>Accumulated depreciation:</u>				
Parking lots	(152,026)	(13,514)	-	(165,540)
Parks, buildings & equipment	(1,488,652)	(170,415)	-	(1,659,067)
Concrete trails	(515,218)	(49,693)	-	(564,911)
Asphalt trails	(286,508)	(4,444)	-	(290,952)
Irrigation systems	(253,239)	(13,781)	-	(267,020)
Office furniture & equipment	<u>(18,972)</u>	<u>(2,376)</u>	<u>-</u>	<u>(21,348)</u>
Total accumulated depreciation	<u>(2,714,615)</u>	<u>(254,223)</u>	<u>-</u>	<u>(2,968,838)</u>
Net capital assets being depreciated	<u>2,600,887</u>	<u>(254,223)</u>	<u>-</u>	<u>2,346,664</u>
Governmental Assets, Net	<u>\$ 65,921,946</u>	<u>\$ (254,223)</u>	<u>\$ -</u>	<u>\$ 65,667,723</u>



CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

<u>Business-Type Activities:</u>	Balance 01-01-13	Additions	Transfers/ Deletions	Balance 12-31-13
<u>Capital assets not being depreciated:</u>				
Land and rights of way	\$ 103,115	\$ -	\$ -	\$ 103,115
Construction-in-progress	13,753,499	269,104	7,458,299	6,564,304
Total capital assets not being depreciated	<u>13,856,614</u>	<u>269,104</u>	<u>7,458,299</u>	<u>6,667,419</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	7,132,807	420,233	-	7,553,040
Landscaping, fencing, electrical	3,490,640	-	-	3,490,640
Ground water rights	2,956,515	-	-	2,956,515
Distribution system	6,320,649	10,800,338	-	17,120,987
Collection system	1,480,781	-	-	1,480,781
Water tanks	2,315,656	-	-	2,315,656
Machinery & equipment	8,695,598	25,298	-	8,720,896
Vehicles	54,756	33,387	-	88,143
Developer contributions	17,226,659	-	-	17,226,659
PCWRA Plant Expansion	230,246	-	-	230,246
Total capital assets being depreciated	<u>49,904,307</u>	<u>11,279,256</u>	<u>-</u>	<u>61,183,563</u>
<u>Accumulated depreciation:</u>				
Buildings and improvements	(1,864,790)	(214,698)	-	(2,079,488)
Landscaping, fencing, electrical	(1,213,754)	(110,935)	-	(1,324,689)
Ground water rights	(260,169)	(10,897)	-	(271,066)
Distribution system	(1,193,592)	(133,612)	-	(1,327,204)
Collection system	(347,160)	(14,805)	-	(361,965)
Water tanks	(776,371)	(46,314)	-	(822,685)
Machinery & equipment	(5,597,816)	(575,671)	-	(6,173,487)
Vehicles	(41,330)	(4,392)	-	(45,722)
Developer contributions	(2,117,281)	(397,614)	-	(2,514,895)
PCWRA Plant Expansion	(156,434)	(11,514)	-	(167,948)
Total accumulated depreciation	<u>(13,568,697)</u>	<u>(1,520,452)</u>	<u>-</u>	<u>(15,089,149)</u>
Net capital assets being depreciated	<u>36,335,610</u>	<u>9,758,804</u>	<u>-</u>	<u>46,094,414</u>
Business-Type Assets, Net	<u>\$ 50,192,224</u>	<u>\$ 10,027,908</u>	<u>\$ 7,458,299</u>	<u>\$ 52,761,833</u>

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

Depreciation expense for the years ending December 31, 2013 (and 2012) was charged to the functions/programs as follows:

	<u>2013</u>	<u>2012</u>
Governmental activities:		
Total depreciation expense	\$ 254,223	\$ 254,925
Business-type activities:		
Water	\$ 1,139,741	\$ 982,084
Wastewater	380,129	269,935
Storm drainage	<u>582</u>	<u>582</u>
Total depreciation expense	<u>\$ 1,520,452</u>	<u>\$ 1,252,601</u>

Note 4: Long-Term Debt

The following is an analysis of changes in all long-term debt for the period ending December 31, 2013:

	<u>Balance</u>		<u>Balance</u>	<u>Current</u>
	<u>01-01-13</u>	<u>Additions</u>	<u>12-31-13</u>	<u>Portion</u>
		<u>Deletions</u>		
2006A Limited Tax G.O. Fixed				
Rate Refunding Bonds	\$ 6,830,000	\$ -	\$ 1,175,000	\$ 5,655,000
2006B Limited Tax G.O. Fixed				
Rate Refunding Bonds	5,700,000	-	-	5,700,000
2008 Variable Rate Certificates				
of Participation	7,765,000	-	230,000	7,535,000
2009 Variable Rate Certificates				
of Participation	15,040,000	-	380,000	14,660,000
2010 Note Payable -				
Meadow Island	<u>970,568</u>	-	<u>970,568</u>	-
	<u>36,305,568</u>	<u>-</u>	<u>2,755,568</u>	<u>33,550,000</u>
2006A Refunding Bond Premium	21,682	-	6,614	15,068
2006B Refunding Bond Premium	<u>119,471</u>	-	<u>8,563</u>	<u>110,908</u>
	<u>\$36,446,721</u>	<u>\$ -</u>	<u>\$ 2,770,745</u>	<u>\$33,675,976</u>
				<u>\$ 1,874,038</u>

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

A description of the long-term debt as of December 31, 2013, is as follows:

#### \$14,310,000 Limited Tax General Obligation Refunding Bonds – Series 2006A

In May 2006, the District issued \$14,310,000 of Limited Tax General Obligation Refunding Bonds, Series 2006A (“Series 2006A Bonds”). The proceeds were used to advance refund the District’s Limited Tax General Obligation Refunding Bonds, Series 2003, and the Limited Tax General Obligation Refunding Bonds, Series 2004, and to pay for the costs of issuance. The refunding resulted in the reduction of the District’s total debt service payments by approximately \$11,142,344 and provided an economic gain of approximately \$21,881. A restriction on tap fees, as pledged for debt service, was also removed. The defeased bonds are not considered a liability of the District since sufficient funds were deposited with a trustee and invested in U.S. Government securities for the purpose of paying the principal and interest of the defeased bonds when due.

The Series 2006A Bonds bear interest at rates ranging from 4.00% to 4.50% and are comprised of serial bonds maturing from 2006 through 2015 and term bonds due in 2018. The Series 2006A Bonds maturing on or after December 1, 2016 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity, on December 15, 2015, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The Series 2006A Bonds maturing on December 1, 2018 are also subject to mandatory sinking fund redemption prior to the maturity date of the bonds, in part, by lot, on December 1 of each year in 2016, 2017 and 2018.

The Series 2006A Bonds are payable from the revenue derived from the imposition of an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the bonds when due, but not exceeding a maximum mill levy. The lien of the Series 2006A Bonds on such ad valorem property tax revenue will be on parity with the lien of the District’s Limited Tax General Obligation Refunding Bonds, Series 2006B.

The District received a premium from the issuance of the Series 2006A Bonds in the amount of \$89,901 and incurred costs of issuance totaling \$121,366. The Series 2006A Bonds exceeded the book value of the defeased bonds by \$1,149,514. These amounts are being amortized over the life of the Series 2006A Bonds.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2006A Bonds:

	Principal	Interest	Total
2014	\$ 1,225,000	\$ 240,463	\$ 1,465,463
2015	1,275,000	191,463	1,466,463
2016	1,335,000	134,088	1,469,088
2017	1,390,000	77,350	1,467,350
2018	430,000	18,275	448,275
	\$ 5,655,000	\$ 661,639	\$ 6,316,639

\$5,700,000 Limited Tax General Obligation Refunding Bonds – Series 2006B

In May 2006, the District issued \$5,700,000 of Limited Tax General Obligation Refunding Bonds, Series 2006B (“Series 2006B Bonds”). The proceeds were used to refund a portion the District’s Limited Tax General Obligation Variable Rate Refunding Bonds, Series 1999 (“Series 1999 Bonds”), and to pay for the costs of issuance. The defeased bonds are not considered a liability of the District since sufficient funds were deposited with a trustee and invested in U.S. Government securities for the purpose of paying the principal and interest of the defeased bonds when due.

The Series 2006B Bonds bear interest at rates ranging from 4.50% to 5.00% and are comprised of bonds maturing in 2024, 2025, 2026 and 2027. The Series 2006B Bonds maturing on or after December 1, 2024 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity, on December 15, 2015, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

The District received a premium from the issuance of the Series 2006B Bonds in the amount of \$175,438 and incurred costs of issuance totaling \$66,817. The Series 2006B Bonds exceeded the book value of the refunded bonds by \$533,228. This amount is being amortized over the life of the Series 2006B Bonds.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2006B Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 284,775	\$ 284,775
2015	-	284,775	284,775
2016	-	284,775	284,775
2017	-	284,775	284,775
2018	-	284,775	284,775
2019 - 2023	-	1,423,875	1,423,875
2024 - 2027	5,700,000	840,775	6,540,775
	<u>\$ 5,700,000</u>	<u>\$ 3,688,525</u>	<u>\$ 9,388,525</u>

General Obligation Debt Authorization

As of December 31, 2013, the District had no authorized unissued general obligation debt. The District has not budgeted to issue any additional debt in 2014.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

#### \$8,585,000 Variable Rate Certificates of Participation – Series 2008

On August 28, 2008, the Corporation issued \$8,585,000 in Variable Rate Certificates of Participation (“2008 Certificates”) evidencing proportionate and undivided interests in the right to receive certain revenues payable by the District under a Lease Agreement dated August 1, 2008, as amended on May 1, 2009 (“Lease Agreement”) for the 2009 Certificates. Pursuant to the Lease Agreement, the District is obligated to pay Base Rental (assuming the District does not exercise its annual option to terminate the Lease Agreement) during the lease term to the trustee as the Corporation’s assignee and mortgage pursuant to an indenture. Base Rental represents monies required to pay the principal and interest on the 2008 Certificates when due, and any related fees for remarketing, letter of credit facility and trustee.

The 2008 Certificates bear interest in the Weekly mode at a rate determined each Wednesday by the remarketing agent, to be effective from and including each Thursday to and including the following Wednesday. The maximum interest rate on the 2008 Certificates is the lesser of: (i) the maximum rate permitted by law for the 2008 Certificates, or (ii) 10% per annum. Interest, while in the Weekly mode, is payable on the first business day of each calendar month following a month in which interest at such rate has accrued, commencing October 1, 2008.

The 2008 Certificates maturing on December 1, 2033, are subject to annual mandatory redemption beginning December 1, 2009. Any of the 2008 Certificates, while in a Variable Rate Mode, at the option of the District, are subject to redemption at a price equal to the principal amount plus accrued interest to the redemption date, without redemption premium.

The 2008 Certificates are secured by, and initially payable from, an irrevocable direct letter of credit issued by Wells Fargo Bank N.A., initially expiring on August 28, 2013, unless renewed, substituted or terminated. On July 17, 2013, the letter of credit term was renewed with a new expiration date of August 28, 2018. The annual facility fee was increased to 1.35%.

Proceeds from the sale of the 2008 Certificates were used to: (i) acquire the right to store a volume of water in the Reuter-Hess Reservoir, including the right to deliver water into, store water within and withdraw water from the Reuter-Hess Reservoir (see Note 6); and, (ii) pay certain costs related to the issuance of the 2008 Certificates.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

The following is a summary of the annual long-term debt principal and interest requirements for the 2008 Certificates using an estimated interest rate of 3.325%:

	Principal	Interest	Total
2014	\$ 240,000	\$ 250,539	\$ 490,539
2015	250,000	242,559	492,559
2016	260,000	234,246	494,246
2017	275,000	225,601	500,601
2018	285,000	216,458	501,458
2019 - 2023	1,630,000	931,167	2,561,167
2024 - 2028	2,045,000	633,746	2,678,746
2029 - 2033	2,550,000	262,011	2,812,011
	<u>\$ 7,535,000</u>	<u>\$ 2,996,327</u>	<u>\$ 10,531,327</u>

\$16,075,000 Variable Rate Certificates of Participation – Series 2009

On May 28, 2009, the Corporation issued \$16,075,000 in Variable Rate Certificates of Participation (“2009 Certificates”) evidencing proportionate and undivided interests in the right to receive certain revenues payable by the District under the Lease Agreement.

The 2009 Certificates bear interest in the Weekly mode at a rate determined each Wednesday by the remarketing agent, to be effective from and including each Thursday to and including the following Wednesday. The maximum interest rate on the 2009 Certificates is the lesser of: (i) the maximum rate permitted by law for the 2009 Certificates, or (ii) 10% per annum. Interest, while in the Weekly mode, is payable on the first business day of each calendar month following a month in which interest at such rate has accrued, commencing July 1, 2009.

The 2009 Certificates are secured by an irrevocable direct letter of credit (“2009 Credit Facility”) issued by Wells Fargo Bank, N.A., initially expiring on May 1, 2014 unless renewed, substituted or terminated. On July 17, 2013, the letter of credit term was renewed with a new expiration date of August 28, 2018. The annual facility fee remains the same at 1.35%.

The 2009 Certificates maturing on December 1, 2034, are subject to annual mandatory redemption which began December 1, 2010. Any of the 2009 Certificates, while in a Variable Rate Mode, at the option of the District, are subject to redemption at a price equal to the principal amount plus accrued interest to the redemption date, without redemption premium.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

Proceeds from the sale of the 2009 Certificates were used to: (i) pay or reimburse the costs of acquiring 70 acres of land and a one-half share in the Platteville Irrigation and Milling Company, and 197 acres of land and 80 shares in the Fulton Irrigating Ditch Company; (ii) pay or reimburse the costs of the acquisition, lease and construction of renewable water projects consisting of water rights, regional water transmission facilities, regional water storage facilities or regional water treatment facilities subject to approval by the 2009 Credit Facility provider; and, (iii) pay the costs related to the issuance of the 2009 Certificates.

The following is a summary of the annual long-term debt principal and interest requirements for the 2009 Certificates using an estimated interest rate of 3.325%:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 395,000	\$ 487,445	\$ 882,445
2015	415,000	474,311	889,311
2016	440,000	460,513	900,513
2017	455,000	445,883	900,883
2018	480,000	430,754	910,754
2019 - 2023	2,790,000	1,896,913	4,686,913
2024 - 2028	3,545,000	1,386,026	4,931,026
2029 - 2033	4,520,000	734,659	5,254,659
2034	1,620,000	53,865	1,673,865
	<u>\$ 14,660,000</u>	<u>\$ 6,370,369</u>	<u>\$ 21,030,369</u>



CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

Meadow Island and Lupton Bottom Water Shares Note Payable

During January 2010, the District entered into an Agreement for Purchase and Sale of Water Shares with Golden Dome Aggregates, LLC (“Seller”), for the purchase of shares in the Meadow Island Irrigation Company and the Lupton Bottom Ditch Company (“Shares”) for \$3,950,000. Per the agreement, the District made an initial deposit of \$25,000 during 2009 and an initial payment of \$1,175,000 on the closing date of January 27, 2010. The Seller issued a promissory note in the amount of \$2,750,000 to the District which carried an annual interest rate of 6.00%. The District was required to make equal payments of \$1,028,802 on the three successive anniversary dates of the closing date, which were made. The Shares were secured by a Promissory Note from the District and Deed of Trust. Golden Dome Aggregates has submitted the cancelled Promissory Note and a Release of Deed of Trust to the Weld County Treasurer for execution and subsequent recording. Once the Release of Deed of Trust has been recorded, the District will request issuance of unencumbered Certificates.

During 2013, the District made the following final payment of \$1,028,802:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>\$ 970,568</u>	<u>\$ 58,234</u>	<u>\$ 1,028,802</u>

Note 5: Segment Information

The District's Enterprise Fund provides water, wastewater and storm drainage services. Segment information for the year ended December 31, 2013 is as follows:

	<u>Water</u>	<u>Wastewater</u>	<u>Storm Drainage</u>	<u>Total</u>
Operating revenues	\$ 3,711,970	\$ 1,483,931	\$ 134,000	\$ 5,329,901
Depreciation	\$ 1,139,741	\$ 380,129	\$ 582	\$ 1,520,452
Net operating gain (loss)	\$ (626,524)	\$ 14,711	\$ 42,920	\$ (568,893)
Capital assets	\$ 56,498,089	\$ 11,316,453	\$ 36,440	\$ 67,850,982

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

#### Note 6: District Agreements

##### Hidden Pointe Metropolitan District (formerly Green Valley Water and Sanitation District)

On June 2, 1994, the District entered into an amended service agreement and an agreement regarding mill levies with the Green Valley Water and Sanitation District. The agreements provide for the District to provide water and wastewater service for up to 216 single family equivalents to the property known as the Green Valley Subdivision. 216 Valley Group, LP or its successors are required to: (i) assess additional tap fees of \$2,000 per single family equivalent through 2002 and \$2,500 thereafter payable to the District, (ii) construct all required water and wastewater mains in the property and to the District boundary, and convey such improvements to the District, (iii) impose a service charge for water and wastewater at 125% of the charges imposed by the District, and (iv) impose a mill levy of up to 51.5 mills or the actual mill levy (22 mills) assessed for debt that existed at the time of the agreement. The resulting net revenues are to be remitted to the District until the longer of (a) 30 years from initiation of payments (until 2025), or (b) 20 years from first refinancing (2016). The agreement also provides for a decrease of 10 mills beginning in collection year 2014. The District received \$214,720 in 2013 for debt service related to this agreement.

##### Castle Pines North Golf Company

The District entered into an agreement with the Castle Pines North Golf Company (“Golf Club”) on February 2, 1996, to provide and/or treat effluent for irrigation use by the Golf Club for twenty years. The Golf Club is entitled to a maximum use of 325 acre feet of water per year, at a rate of 750,000 gallons per day for the first two years from the date of the commencement without any charge. After the second anniversary of the commencement of irrigation, the Golf Club is entitled to 240 acre feet per year provided the daily maximum shall remain the same. The District received certain improvements to its systems as compensation for this agreement. The revenue related to these improvements is recognized equally over the twenty years of the agreement. During 2013, the District recorded \$35,812 of revenue related to the agreement and has \$71,607 remaining to recognize as of December 31, 2013.

##### Plum Creek Water Reclamation Authority

The District, along with the Castle Pines Metropolitan District and the Town of Castle Rock, has its wastewater treated by the Plum Creek Water Reclamation Authority (“PCWRA”). The District has contributed \$3,496,437 for treatment capacity improvements in previous years and owns capacity in the PCWRA Plant. During 2013, the PCWRA charged the District \$627,716 for treatment of the District’s wastewater.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

#### Reuter-Hess Reservoir Water Storage Space Intergovernmental Agreement

On August 26, 2008, the District, the Town of Castle Rock (“Town”), and Stonegate Village Metropolitan District (“Stonegate”) entered into an agreement known as the Reuter-Hess Reservoir Water Storage Space Intergovernmental Agreement (“IGA”) with Parker Water and Sanitation (“Parker Water”). Parker Water owns land on which it has constructed a 16,200 acre feet reservoir known as the Reuter-Hess Reservoir (“Reservoir”) located in Douglas County, Colorado. During the calendar year 2008, Parker Water received a favorable Record of Decision from the Army Corp of Engineers to expand Reuter-Hess from 16,200 acre feet to nearly 72,000 acre feet.

Pursuant to the IGA, Parker Water may sell, transfer or convey a storage easement to the participating entities. The storage easement constitutes rights in real property which shall entitle each participating entity the right to store a specific volume of water in the Reservoir, including the right to deliver into, store within and withdraw from the Reservoir volumes of water on the terms and conditions set forth in the participating entity’s respective storage easement deed, the IGA and their operations plan. The District purchased 1,500 acre-feet of reservoir storage capacity for \$8,318,153. The storage easement acquired by the District during 2008 is within the original 16,200 acre-foot Reservoir.

Also pursuant to the IGA, Parker Water will establish an outlet structures escrow in the amount of \$7,800,000 for the benefit of the participating entities for the construction of two outlet facilities which will enable the Reservoir to operate as designed. Additionally, the IGA requires Parker Water to (i) expand the Reservoir in accordance with applicable permits, and (ii) enlarge the Reservoir’s outlet pipe to accommodate the participating entities individual outlet capacities. Parker Water completed the expansion of the Reservoir, including the construction of the outlet structures, in January 2012, within the timeframe allowed in the IGA.

#### Hock Hocking Water Rights

In March 2010, the District closed a Purchase and Sale Agreement with the Mount Carbon Metropolitan District (“Mount Carbon”) for the purchase of shares of Hock Hocking Mine water rights for \$7,011,000. Under the agreement, the District paid \$1,428,000 directly to Mount Carbon, who then paid Aggregate Industries in connection with Mount Carbon’s purchase of 102 water taps. The District has a security interest in those taps.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

#### Note 7: Employee Pension and Healthcare Benefit Plans

##### Defined Benefit Pension Plan

The District contributes to the Municipal Division Trust Fund (“MDTF”), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The MDTF provides retirement and disability, annual increases, and death benefits for members and their beneficiaries. All employees of the District are members of the MDTF. Plan members and the District are required to contribute to the MDTF at a rate set by Colorado State Statute. The contribution requirements of plan members and the District are established under Title 24, Article 51 of the CRS, as amended. The contribution rate for members and the District is 8.0% and 13.7%, respectively, of covered salary. A portion of the District’s contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund.

##### Postemployment Healthcare Benefits

The District contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by Colorado State Statute. No member contributions are required.

The District’s contributions to MDTF and HCTF for the years ended December 31, 2012 and 2013 were \$66,080 and \$65,546, respectively, equal to the required contribution for each year.

##### Defined Contribution Pension Plan

The MDTF members of the District may voluntarily contribute to the Voluntary Investment Program (“401(k) Plan”), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from other payments made to PERA.

The 401(k) Plan is funded by voluntary member contributions up to a maximum limit set annually by the IRS. The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. The 401(k) Plan member contributions from the District for the years ended December 31, 2012 and 2013 were \$10,126 and \$10,466, respectively.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2013

#### Basis of Accounting for the MDTF and HCTF

The financial statements of the MDTF and HCTF are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the employer pays compensation to the members and the employer is statutorily committed to pay these contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The MDTF plan and HCTF plan investments are presented at fair value, except for short-term investments, which are recorded at cost.

Title 24, Article 51 of the CRS, as amended, assigns the authority to establish benefit provisions to the Colorado State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the MDTF and the HCTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, CO 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA.

#### Note 8: TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (“Amendment”), commonly known as the Taxpayer Bill of Rights (“TABOR”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District established an Emergency Reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2013, the Emergency Reserve of \$138,000 was recorded in the General Fund.

#### Note 9: 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 District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2013

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 amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on a 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 10: Subsequent Events

Colorado Water Conservation Board Loan

On May 22, 2014, the Colorado Water Conservation Board ("CWCB") approved a loan to the District in an amount not to exceed \$6,453,900. The loan terms are 3.00% per annum for 30 years. As of June 9, 2014, no specific closing date has been determined pending the start of the construction related to the Chatfield Reservoir Reallocation Project.

REQUIRED SUPPLEMENTAL INFORMATION

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 <u>Actual</u>
	Original & Final		Variance	
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>	
<b>REVENUES</b>				
Property taxes	\$ 2,481,645	\$ 2,441,405	\$ (40,240)	\$ 2,460,619
Specific ownership taxes	374,859	449,104	74,245	409,994
Conservation Trust Fund	41,000	49,104	8,104	44,828
Farm land revenue	26,000	26,000	-	26,000
Lease income	65,000	67,638	2,638	80,712
Oil royalty income	15,000	7,122	(7,878)	13,494
Base Rental income	1,180,281	973,363	(206,918)	943,446
Investment income	10,137	5,747	(4,390)	14,627
Miscellaneous income	10,000	7,047	(2,953)	12,113
Total Revenues	<u>4,203,922</u>	<u>4,026,530</u>	<u>(177,392)</u>	<u>4,005,833</u>
<b>EXPENDITURES</b>				
General government				
Salaries and wages	248,627	197,272	51,355	226,478
Employee benefits and taxes	78,440	60,987	17,453	67,072
Accounting, audit, election and legal	207,617	177,799	29,818	237,735
Dissolution expenses	-	-	-	25,098
Other professional services	246,868	206,918	39,950	217,841
Utilities	36,720	29,025	7,695	35,574
Insurance	21,089	26,311	(5,222)	20,106
County collection fees	37,225	36,506	719	36,942
Memberships, training and subscriptions	6,650	4,094	2,556	4,667
Other office expenses	42,100	35,231	6,869	41,699
Repairs and maintenance	59,300	75,136	(15,836)	60,634
Base Rental expense	1,180,281	973,363	206,918	943,446
Contingency	65,000	-	65,000	-
Total General Government	<u>2,229,917</u>	<u>1,822,642</u>	<u>407,275</u>	<u>1,917,292</u>
Parks and Open Space				
Landscape maintenance contract	318,500	326,051	(7,551)	310,844
Landscape supplies	10,000	12,582	(2,582)	9,638
Repairs and maintenance	349,180	321,551	27,629	301,076
Utilities	42,000	53,372	(11,372)	39,658
Park services	9,000	10,801	(1,801)	7,221
Total Parks and Open Space	<u>728,680</u>	<u>724,357</u>	<u>4,323</u>	<u>668,437</u>
Debt Service				
2008 Certificates of Participation - principal/interest	330,945	241,599	89,346	237,404
2009 Certificates of Participation - principal/interest	575,520	402,467	173,053	393,567
LOC and other banking fees	245,310	300,797	(55,487)	307,323
Remarketing fees	28,506	28,500	6	29,311
Total Debt Service	<u>1,180,281</u>	<u>973,363</u>	<u>206,918</u>	<u>967,605</u>
Capital outlay	<u>523,887</u>	<u>-</u>	<u>523,887</u>	<u>-</u>
Total Expenditures	<u>4,662,765</u>	<u>3,520,362</u>	<u>1,142,403</u>	<u>3,553,334</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(458,843)	506,168	965,011	452,499
OTHER FINANCING SOURCES (USES)				
Transfer (to) other funds	-	-	-	(10,365,229)
Total Other Financing Sources (Uses)	-	-	-	(10,365,229)
NET CHANGE IN FUND BALANCE	(458,843)	506,168	965,011	(9,912,730)
FUND BALANCE:				
BEGINNING OF YEAR	<u>5,843,312</u>	<u>2,647,872</u>	<u>(3,195,440)</u>	<u>12,560,602</u>
END OF YEAR	<u>\$ 5,384,469</u>	<u>\$ 3,154,040</u>	<u>\$ (2,230,429)</u>	<u>\$ 2,647,872</u>

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



## SUPPLEMENTAL INFORMATION

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 <u>Actual</u>
	Original & Final	<u>Actual</u>	Variance	
	<u>Budget</u>		Favorable (Unfavorable)	
<b>REVENUES</b>				
Property taxes	\$ 2,873,484	\$ 2,826,889	\$ (46,595)	\$ 2,849,137
Intergovernmental revenues	204,396	214,720	10,324	200,412
Investment income	3,232	2,358	(874)	2,455
<b>Total Revenues</b>	3,081,112	3,043,967	(37,145)	3,052,004
<b>EXPENDITURES</b>				
County collection fees	43,102	44,884	(1,782)	42,775
Bond principal	1,175,000	1,175,000	-	2,530,000
Bond interest	575,175	575,175	-	626,304
Reserve for early debt payoff	1,280,000	-	1,280,000	-
Other long-term debt expenses	5,000	9,471	(4,471)	20,617
<b>Total Expenditures</b>	3,078,277	1,804,530	1,273,747	3,219,696
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,835	1,239,437	1,236,602	(167,692)
<b>OTHER FINANCING SOURCES</b>				
Transfer (to) from other funds	-	-	-	1,024
<b>Total Other Financing Sources</b>	-	-	-	1,024
<b>NET CHANGE IN FUND BALANCE</b>	2,835	1,239,437	1,236,602	(166,668)
<b>FUND BALANCE:</b>				
BEGINNING OF YEAR	7,452	-	(7,452)	166,668
END OF YEAR	\$ 10,287	\$ 1,239,437	\$ 1,229,150	\$ -

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

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
ENTERPRISE FUNDS

For the Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 Actual
	Original & Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>REVENUES</b>				
Water charges	\$ 4,006,483	\$ 3,711,970	\$ (294,513)	\$ 4,090,391
Wastewater charges	1,450,095	1,483,931	33,836	1,417,109
Storm drainage charges	128,500	134,000	5,500	128,708
Investment income	10,451	10,945	494	14,156
Insurance proceeds	-	103,101	103,101	87,300
Refunds of expenditures	-	302,007	302,007	-
Transfer from General Fund	-	-	-	10,364,205
Total Revenues	<u>5,595,529</u>	<u>5,745,954</u>	<u>150,425</u>	<u>16,101,869</u>
<b>EXPENDITURES</b>				
Water Operations				
General overhead	414,759	592,781	(178,022)	701,563
Salaries and wages	148,314	145,150	3,164	137,615
Employee benefits and taxes	60,287	52,383	7,904	52,689
Memberships, training and subscriptions	2,400	2,939	(539)	1,972
Engineering	10,000	76,961	(66,961)	36,395
Repairs and maintenance	920,558	1,374,543	(453,985)	453,669
Utilities	983,083	743,017	240,066	922,721
Equipment and supplies	53,000	55,773	(2,773)	45,462
Treatment costs	27,900	12,438	15,462	20,000
Water rebates	20,000	39,402	(19,402)	20,000
Other projects	145,991	103,366	42,625	153,258
	<u>2,786,292</u>	<u>3,198,753</u>	<u>(412,461)</u>	<u>2,545,344</u>
Wastewater Operations				
General overhead	94,820	86,237	8,583	105,017
Salaries and wages	122,148	122,719	(571)	114,900
Employee benefits and taxes	50,799	42,319	8,480	42,577
Memberships, training and subscriptions	3,550	3,100	450	755
Engineering	20,000	2,652	17,348	12,617
Repairs and maintenance	158,750	117,033	41,717	100,864
Utilities	78,550	77,749	801	67,959
Equipment, supplies & other projects	10,500	9,566	934	18,910
Treatment costs	627,716	627,716	-	632,959
	<u>1,166,833</u>	<u>1,089,091</u>	<u>77,742</u>	<u>1,096,558</u>
Storm Drainage Operations				
General overhead	27,406	19,666	7,740	19,858
Salaries and wages	28,017	26,595	1,422	26,146
Employee benefits and taxes	11,897	10,535	1,362	10,601
Memberships, training and subscriptions	-	-	-	186
Repairs and maintenance	51,000	28,015	22,985	51,371
Utilities	-	-	-	40
Equipment, supplies & other projects	2,000	5,687	(3,687)	2,184
	<u>120,320</u>	<u>90,498</u>	<u>29,822</u>	<u>110,386</u>
Capital Outlay	<u>7,057,393</u>	<u>4,090,061</u>	<u>2,967,332</u>	<u>3,643,161</u>
Total Expenditures	<u>11,130,838</u>	<u>8,468,403</u>	<u>2,662,435</u>	<u>7,395,449</u>
<b>CHANGES IN FUNDS AVAILABLE</b>	<u>\$ (5,535,309)</u>	<u>\$ (2,722,449)</u>	<u>\$ 2,812,860</u>	<u>\$ 8,706,420</u>

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

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

**RECONCILIATION OF THE SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
ENTERPRISE FUNDS**

For the Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	<u>2013</u>	<u>2012</u>
Changes in Funds Available - excess (deficiency) of revenues over expenditures	\$ (2,722,449)	\$ 8,706,420
Add capital expenditures which are not expenses	4,090,061	3,643,161
Deduct accrued note interest which is an expense	-	(62,298)
Deduct depreciation which is an expense	<u>(1,520,452)</u>	<u>(1,252,601)</u>
Changes in Net Position per the Statement of Revenues, Expenses and Changes in Net Position	<u>\$ (152,840)</u>	<u>\$ 11,034,682</u>

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

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 ENTERPRISE FUNDS - SEGMENT DETAILS  
 For the Year Ended December 31, 2013

	Water	Wastewater	Storm Drainage	2013 Total
<b>OPERATING REVENUES</b>				
Water charges	\$ 3,711,970	\$ -	\$ -	\$ 3,711,970
Wastewater charges	-	1,483,931	-	1,483,931
Storm drainage charges	-	-	134,000	134,000
Total Operating Revenues	<u>3,711,970</u>	<u>1,483,931</u>	<u>134,000</u>	<u>5,329,901</u>
<b>OPERATING EXPENSES</b>				
Water Operations				
General overhead	592,781	-	-	592,781
Salaries and wages	145,150	-	-	145,150
Employee benefits and taxes	52,383	-	-	52,383
Memberships, training and subscriptions	2,939	-	-	2,939
Engineering	76,961	-	-	76,961
Repairs and maintenance	1,374,543	-	-	1,374,543
Utilities	743,017	-	-	743,017
Equipment and supplies	55,773	-	-	55,773
Treatment costs	12,438	-	-	12,438
Water rebates	39,402	-	-	39,402
Other projects	103,366	-	-	103,366
Total Water Operations	<u>3,198,753</u>	<u>-</u>	<u>-</u>	<u>3,198,753</u>
Wastewater Operations				
General overhead	-	86,237	-	86,237
Salaries and wages	-	122,719	-	122,719
Employee benefits and taxes	-	42,319	-	42,319
Memberships, training and subscriptions	-	3,100	-	3,100
Engineering	-	2,652	-	2,652
Repairs and maintenance	-	117,033	-	117,033
Utilities	-	77,749	-	77,749
Equipment, supplies & other projects	-	9,566	-	9,566
Treatment costs	-	627,716	-	627,716
Total Wastewater Operations	<u>-</u>	<u>1,089,091</u>	<u>-</u>	<u>1,089,091</u>
Storm Drainage Operations				
General overhead	-	-	19,666	19,666
Salaries and wages	-	-	26,595	26,595
Employee benefits and taxes	-	-	10,535	10,535
Repairs and maintenance	-	-	28,015	28,015
Equipment, supplies & other projects	-	-	5,687	5,687
Total Storm Drainage Operations	<u>-</u>	<u>-</u>	<u>90,498</u>	<u>90,498</u>
Depreciation	<u>1,139,741</u>	<u>380,129</u>	<u>582</u>	<u>1,520,452</u>
Total Operating Expenses	<u>4,338,494</u>	<u>1,469,220</u>	<u>91,080</u>	<u>5,898,794</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>(626,524)</u>	<u>14,711</u>	<u>42,920</u>	<u>(568,893)</u>
<b>NON-OPERATING REVENUES</b>				
Investment income	7,980	2,724	241	10,945
Insurance proceeds	103,101	-	-	103,101
Refunds of expenditures	302,007	-	-	302,007
Non-Operating Revenues	<u>413,088</u>	<u>2,724</u>	<u>241</u>	<u>416,053</u>
<b>NET INCOME (LOSS) - CHANGE IN NET POSITION</b>	<u>(213,436)</u>	<u>17,435</u>	<u>43,161</u>	<u>(152,840)</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>50,362,124</u>	<u>9,390,707</u>	<u>120,605</u>	<u>59,873,436</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 50,148,688</u>	<u>\$ 9,408,142</u>	<u>\$ 163,766</u>	<u>\$ 59,720,596</u>

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

CONTINUING DISCLOSURE  
ANNUAL FINANCIAL INFORMATION  
REQUIRED BY THE GENERAL OBLIGATION BONDS, SERIES 2006

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

**CONTINUING DISCLOSURE**

December 31, 2013

UNAUDITED

**TABLE III (Series 2006A)  
History of District Assessed Valuation**

<u>Levy/Collection Year</u>	<u>Assessed Valuation<sup>1</sup></u>	<u>Increase or (Decrease)</u>	<u>Percentage Change</u>
1998/1999	24,659,740	4,412,800	21.79%
1999/2000	36,744,570	12,084,830	49.01%
2000/2001	45,004,340	8,259,770	22.48%
2001/2002	68,640,316	23,635,976	52.52%
2002/2003	86,819,810	18,179,494	26.49%
2003/2004	110,893,170	24,073,360	27.73%
2004/2005	114,573,850	3,680,680	3.32%
2005/2006	125,207,050	10,633,200	9.28%
2006/2007	128,057,598	2,850,548	2.28%
2007/2008	136,796,755	8,739,157	6.82%
2008/2009	138,095,490	1,298,735	0.95%
2009/2010	145,738,180	7,642,690	5.53%
2010/2011	146,720,630	982,450	0.67%
2011/2012	130,150,150	(16,570,480)	-11.29%
2012/2013	130,612,920	462,770	0.36%
2013/2014	133,803,323	3,190,403	2.44%

<sup>1</sup> Includes New Growth Assessed Valuation

Source: Douglas County Assessor's Office

**TABLE V (Series 2006A)  
Historical Property Tax Collections**

<u>Levy/Collection Year</u>	<u>Total Taxes Levied</u>	<u>Tax Collections<sup>1</sup></u>	<u>Percentage of Tax Collections to Levied<sup>2</sup></u>
1998/1999	1,645,733	1,609,653	97.81%
1999/2000	2,351,652	2,265,559	96.34%
2000/2001	2,880,278	2,846,242	98.82%
2001/2002	3,313,387	3,292,244	99.36%
2002/2003	3,720,539	3,715,679	99.87%
2003/2004	4,665,070	4,647,347	99.62%
2004/2005	4,926,732	4,848,795	98.42%
2005/2006	5,304,433	5,284,384	99.62%
2006/2007	5,465,795	5,477,493	100.21%
2007/2008	5,845,438	5,830,278	99.74%
2008/2009	5,938,106	5,929,404	99.85%
2009/2010	5,975,265	5,959,166	99.73%
2010/2011	6,015,546	6,003,341	99.80%
2011/2012	5,336,156	5,309,756	99.51%
2012/2013	5,335,129	5,268,294	98.75%

<sup>1</sup> Figures include current and delinquent tax collections, penalties, and (prior to 2010) interest.

Treasurer's fees have not been deducted from these amounts.

<sup>2</sup> The District believes that substantially all of the differences between its taxes levied and collected are the result of tax abatements and refunds, not from unpaid or delinquent taxes.

Source: District audited financial statements and the District

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

**CONTINUING DISCLOSURE**

**December 31, 2013**

**UNAUDITED**

**TABLE IV (Series 2006B)**

**Assessed and "Actual" Valuation of Classes of Property in the District**

<b>Class</b>	<b>Assessed Valuation</b>	<b>Percent of Assessed Valuation</b>	<b>"Actual" Valuation</b>	<b>Percent of "Actual" Valuation</b>
Residential	\$ 112,498,500	84.08%	\$ 1,413,297,039	95.06%
Commercial	15,727,900	11.75%	54,234,188	3.65%
Vacant	2,486,990	1.86%	8,576,896	0.58%
State Assessed	55,524	0.04%	191,448	0.01%
Agricultural	1,190	0.00%	4,150	0.00%
Other Natural Resources	960	0.00%	3,374	0.00%
Personal Property	<u>3,032,259</u>	<u>2.27%</u>	<u>10,456,042</u>	<u>0.70%</u>
<b>Total</b>	<b><u>\$ 133,803,323</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 1,486,763,137</u></b>	<b><u>100.00%</u></b>

Source: Douglas County Assessor's Office -> Taxing Authorities -> Certification Reports  
->Abstract Reports by Year  
<http://www.douglas.co.us/assessor/taxing-authorities/certification-reports/>

**TABLE XII (Series 2006A)**

**Estimated Overlapping General Obligation Debt**

<b>Overlapping Entity</b>	<b>Outstanding General Obligation Debt</b>	<b>Percentage Applicable to District</b>	<b>Amount Applicable to District</b>
Douglas County School District RE1	\$ 470,743,316	3.20%	\$ 15,063,786

Source: Douglas County School District RE-1 CAFR, Statistical Section



**CASTLE PINES NORTH METROPOLITAN DISTRICT**

**CONTINUING DISCLOSURE  
December 31, 2013  
UNAUDITED**

**TABLE VIII (Series 2006A & B)  
History of General Fund Revenues, Expenditures and Changes in Fund Balances**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>REVENUES</b>					
Property taxes	\$ 2,619,969	\$ 2,765,312	\$ 2,782,036	\$ 2,460,619	\$ 2,441,405
Specific ownership taxes	444,704	407,733	397,722	409,994	449,104
Conservation trust fund	39,760	38,381	41,754	44,828	49,104
Lease income	111,625	122,648	123,346	120,206	100,760
Base Rental income	575,000	870,000	931,000	943,446	973,363
Investment income	29,995	2,065	13,033	14,627	5,747
Miscellaneous income	<u>11,274</u>	<u>12,244</u>	<u>12,818</u>	<u>12,113</u>	<u>7,047</u>
Total Revenues	<u>3,832,327</u>	<u>4,218,383</u>	<u>4,301,709</u>	<u>4,005,833</u>	<u>4,026,530</u>
<b>EXPENDITURES</b>					
General government	2,098,823	2,857,179	3,002,759	2,884,897	2,608,917
Public works/parks	1,829,941	679,376	691,281	668,437	911,445
Capital outlay	<u>11,320,982</u>	<u>34,641</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>15,249,746</u>	<u>3,571,196</u>	<u>3,694,040</u>	<u>3,553,334</u>	<u>3,520,362</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(11,417,419)	647,187	607,669	452,499	506,168
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from 2009 Certificates of Participation	16,075,000	-	-	-	-
Transfer (to) other funds	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(10,365,229)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>15,575,000</u>	<u>-</u>	<u>-</u>	<u>(10,365,229)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	4,157,581	647,187	607,669	(9,912,730)	506,168
<b>FUND BALANCE - BEGINNING OF YEAR:</b>	<u>7,148,165</u>	<u>11,305,746</u>	<u>11,952,933</u>	<u>12,560,602</u>	<u>2,647,872</u>
<b>FUND BALANCE - END OF YEAR:</b>	<u>\$ 11,305,746</u>	<u>\$ 11,952,933</u>	<u>\$ 12,560,602</u>	<u>\$ 2,647,872</u>	<u>\$ 3,154,040</u>

Source: District's 2009 - 2013 Financial Statements

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

**CONTINUING DISCLOSURE**

**December 31, 2013**

**UNAUDITED**

**TABLE IX (Series 2006A & B)**

**History of Debt Service Fund Revenues, Expenditures and Changes in Fund Balances**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>REVENUES</b>					
Property taxes	\$ 3,309,435	\$ 3,201,940	\$ 3,221,305	\$ 2,849,137	\$ 2,826,889
Investment income	9,747	773	2,940	2,455	2,358
Hidden Pointe Taxes	<u>244,389</u>	<u>243,446</u>	<u>234,781</u>	<u>200,412</u>	<u>214,720</u>
Total Revenues	<u>3,563,571</u>	<u>3,446,159</u>	<u>3,459,026</u>	<u>3,052,004</u>	<u>3,043,967</u>
<b>EXPENDITURES</b>					
General government <sup>1</sup>	49,731	48,029	48,382	42,775	44,884
Debt service - principal & interest	3,683,017	3,363,651	3,560,113	3,156,304	1,750,175
Debt service - other related	<u>56,113</u>	<u>45,782</u>	<u>29,705</u>	<u>20,617</u>	<u>9,471</u>
Total Expenditures	<u>3,788,861</u>	<u>3,457,462</u>	<u>3,638,200</u>	<u>3,219,696</u>	<u>1,804,530</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(225,290)	(11,303)	(179,174)	(167,692)	1,239,437
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,024</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,024</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	(225,290)	(11,303)	(179,174)	(166,668)	1,239,437
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>582,435</u>	<u>357,145</u>	<u>345,842</u>	<u>166,668</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR:</b>	<u>\$ 357,145</u>	<u>\$ 345,842</u>	<u>\$ 166,668</u>	<u>\$ -</u>	<u>\$ 1,239,437</u>

<sup>1</sup> Expenditures for General Government represent the county treasurer's fees for property tax collection.

Source: District's 2009 - 2013 Financial Statements

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## CONTINUING DISCLOSURE

December 31, 2013

UNAUDITED

**TABLE X (Series 2006A & B)  
General Fund Budget Summary and Comparison**

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>2013 Actual</u>
<b>REVENUES</b>			
Property taxes	\$ 2,546,647	\$ 2,481,645	\$ 2,441,405
Specific ownership taxes	415,155	374,859	449,104
Conservation trust fund	48,000	41,000	49,104
Lease income	166,273	106,000	100,760
Base Rental income	1,236,099	1,180,281	973,363
Investment income	4,337	10,137	5,747
Miscellaneous income	10,000	10,000	7,047
	<u>4,426,511</u>	<u>4,203,922</u>	<u>4,026,530</u>
<b>EXPENDITURES</b>			
General government	3,231,029	2,969,894	2,608,917
Public works/parks	1,035,919	998,984	911,445
Conservation trust fund	264,900	253,887	-
Capital outlay	20,000	270,000	-
Contingency	65,000	65,000	-
Emergency reserve	105,000	105,000	-
	<u>4,721,848</u>	<u>4,662,765</u>	<u>3,520,362</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	(295,337)	(458,843)	506,168
<b>FUND BALANCE - BEGINNING OF YEAR:</b>	<u>2,742,497</u>	<u>5,843,312</u>	<u>2,647,872</u>
<b>FUND BALANCE - END OF YEAR:</b>	<u>\$ 2,447,160</u>	<u>\$ 5,384,469</u>	<u>\$ 3,154,040</u>

Note: General Fund includes Conservation Trust Fund.

Source: District's 2013 audited Financial Statements and the District's 2013 and 2014 Budgets.

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## CONTINUING DISCLOSURE

December 31, 2013

UNAUDITED

**TABLE X (Series 2006A & B)**  
**Debt Service Fund Budget Summary and Comparison**

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>2013 Actual</u>
<b>REVENUES</b>			
Property taxes	\$ 2,948,749	\$ 2,873,484	\$ 2,826,889
Investment income	4,191	3,232	2,358
Hidden Pointe taxes	<u>115,044</u>	<u>204,396</u>	<u>214,720</u>
Total Revenues	<u>3,067,984</u>	<u>3,081,112</u>	<u>3,043,967</u>
<b>EXPENDITURES</b>			
County collection fees	44,231	43,102	44,884
Bond principal	1,225,000	1,175,000	1,175,000
Bond interest	525,237	575,175	575,175
Paying agent fees	3,650	5,000	9,471
Letter of credit fees	5,300	-	-
Reserved for Early Debt Payoff	<u>1,260,000</u>	<u>1,280,000</u>	<u>-</u>
Total Expenditures	<u>3,063,418</u>	<u>3,078,277</u>	<u>1,804,530</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	4,566	2,835	1,239,437
<b>FUND BALANCE - BEGINNING OF YEAR:</b>	<u>10,231</u>	<u>7,452</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR:</b>	<u>\$ 14,797</u>	<u>\$ 10,287</u>	<u>\$ 1,239,437</u>

Source: District's 2013 audited Financial Statements and the District's 2013 and 2014 Budgets.