

CPMD PARTICIPATION IN THE CHATFIELD RESERVOIR REALLOCATION PROJECT

Castle Pines Metropolitan District

April 2014

*CPMD Loan
Feasibility Study,
prepared by Castle
Pines Metropolitan
District*

FEASIBILITY STUDY APPROVAL
Pursuant to Colorado Revised Statutes 37-60-121 & 122, and
in accordance with policies adopted by the Board, the
CWCB staff has determined this Feasibility Study meets all
applicable requirements for approval.

Signed

Date

5/9/2014

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CWCB Loan Application (submitted August 2013)

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INTRODUCTION

In 1996, on behalf of fifteen water providers, the Colorado Water Conservation Board (CWCB) formally requested the U.S. Army Corps of Engineers (USACE) consider increasing water supply storage in Chatfield Reservoir (Chatfield) by reallocating existing flood storage. As a result, the federal Feasibility Report and Environmental Impact Statement (FR/EIS) process was initiated in 1999. The FR/EIS process is evaluating the environmental, social, and economic effects of the proposed reallocation now referred to as the Chatfield Reservoir Reallocation Project (Project). The USACE is expected to issue the final FR/EIS by April 2014.

The Castle Pines Metropolitan District (District) is applying for a CWCB loan to finance a portion of its participation in the Project. The overall Project is estimated to cost \$116 million (near-term cost only, does not include long-term operation and maintenance costs) which represents an approximate \$5 million share to the District. The District is requesting a \$5.035 million dollar loan to assist with its funding of the Project.

CWCB FEASIBILITY STUDY AND SUPPORTING DOCUMENTATION

The CWCB feasibility study was prepared by Sue Mantz, District Accounting Supervisor, and Paul Dannels, District Manager, with support from Jack Ostrowski, CPMD Water Resource Consultant, Rick McLoud, Water Resources Manager for the Centennial Water and Sanitation District, and Gina Burke, Vice-President, Jehn Water. Legal support was provided by Mr. Scott Clark, Burns, Figa & Will.

The CWCB Loan Application was submitted on August 7, 2013. This loan feasibility study includes the historic and financial background on the District, a summary of the District's water rights, an estimate of probable cost, and a project summary derived from two studies: the FR/EIS and a report titled "*Chatfield Reservoir Reallocation Project Fish, Wildlife and Recreation Mitigation Plan*." The final report, known as the Mitigation Plan, was prepared by the Chatfield Reservoir Reallocation Project Participants for the Colorado Parks and Wildlife Commissioner in accordance with C.R.S. 37-60-122.2 (see Appendix B for a copy of the statute). The Mitigation Plan was formally submitted for review and approval to the Colorado Parks and Wildlife Commission (CPW) in November 2013, with a subsequent review and approval by the CWCB to follow.

The Mitigation Plan identifies proposed actions that the Project participants will implement to mitigate unavoidable adverse impacts the Project will have on fish, wildlife, and recreation facilities. The revised statute does not require that a mitigation plan for recreational impacts be approved by the CPW; however, the plan addresses all concerns raised by the CPW, and significant efforts are proposed to mitigate unavoidable impacts to recreational facilities and amenities.

CHATFIELD RESERVOIR REALLOCATION PROJECT

General Overview

Chatfield Reservoir, completed by the USACE in 1975, was constructed to provide flood protection for the Denver metropolitan area following a disastrous South Platte River flood in 1965. Chatfield is a Platte River on-channel reservoir located at the confluence of the South Platte River and Plum Creek, approximately fourteen miles south of Denver. The reservoir is owned and operated by the USACE and has a maximum capacity of 350,653 acre-feet (AF). A Project Location Map is included in Appendix A.

The USACE designates storage in Chatfield in four distinct pools. Each pool is assigned a specific pool elevation in feet above mean sea level (m.s.l.), limiting the use of the water to a defined purpose. Currently 27,405 AF of storage is designated as conservation/multi-purpose pool storage, with a full pool water surface elevation of 5,432 feet above m.s.l. The other pools are the maximum surcharge and flood control pools, which combine for 323,248 AF, and the inactive/sediment pool, which comprises 23 AF.

The Project proposes reallocating 20,600 AF of capacity in the flood control storage pool to the conservation/multi-purpose pool, which would increase on-channel municipal and agricultural storage space in the upper reaches of the South Platte basin. It is projected that the average annual yield derived from the reallocation will result in approximately 8,500 AF of renewable surface water supplies that will benefit users along the South Platte River from Park County to Weld County. The reallocation will produce an infrequent twelve-foot maximum rise in the conservation/multi-purpose pool elevation, up to 5,444 feet. The USACE has determined that the reduction in flood storage capacity will not compromise the flood control functions of Chatfield.

Denver Water is the only water provider currently storing water in Chatfield's conservation/multi-purpose pool. Per a 1979 agreement, use of the pool by Denver Water is subject to certain conditions for maintaining water levels for recreation and conservation. Releases from Chatfield are administered by the State Engineer's Office, based on Colorado water law and the demand for water supply. As part of the 1979 agreement, Denver Water is required to minimize water level fluctuations during the recreation season (Memorial Day through Labor Day). When the pool elevation is in excess of 5,432 feet, the USACE is responsible for the release of water from the flood control pool.

The Project scope of work covers participation in the FR/EIS; navigating the regulatory process; and planning, design and construction of mitigation measures for fisheries, aquatic, wetland, riparian, recreational and wildlife habitat impacted by the twelve foot increase in pool elevation. Infrastructure improvements, if required for individual participants to utilize their share of water, are independent of the overall Project and are not included in the Project scope or estimated Project cost.

Project Sponsorship

The original number of fifteen participants has been reduced to eleven since the Project was initiated in 1996. The District represents a 3.81% interest in the Project. The remaining levels of participation vary from 31% (Centennial Water and Sanitation District) down to 0.19% (Denver Botanic Gardens at Chatfield). Each participant will be responsible for funding its pro-rata share of the overall Project cost and will receive a proportionate share in the additional storage volume. The annual yield received per participant will be dependent on the individual water rights of each participant. Appendix B contains a list of the eleven current participants and their respective financial commitment in the Project.

The Project participants have consulted and conferred with a broad range of federal, state and local jurisdictions and environmental stakeholders to solicit input on appropriate mitigation of potentially adverse impacts associated with the Project. Public participation efforts included notices and public meetings, in compliance with National Environmental Policy Act (NEPA) requirements, during the release and review of the draft FR/EIS. Meetings with stakeholder entities started in 1994 and have continued with regularly scheduled meetings hosted by the CWCB.

Alternatives

The FR/EIS used the CWCB's Statewide Water Supply Initiative (SWSI) and other relevant planning studies to identify storage alternatives. A total of 37 Project concepts were initially evaluated before being narrowed to four specific Project alternatives. The development of alternatives and the screening process are described in detail in Chapter 2 of the FR-EIS. The FR-EIS extensively evaluated the environmental, social, and economic impacts of the four prospective alternatives identified below:

Alternative #1 – No Action: Operation of Chatfield Reservoir would remain the same and water providers would use a combination of Penley Reservoir (off channel storage near Chatfield Reservoir) and gravel pit storage as a means to meet their future needs.

Alternative #2 – Least Cost Alternative to Chatfield Reservoir storage reallocation: Upstream users would continue to rely on non-tributary groundwater through the 50-year study period while downstream providers would be served by the development of gravel pits.

Alternative #3 – Reallocation to allow an additional 20,600 acre-feet of Water Supply Storage: USACE reallocates 20,600 AF of designated flood storage capacity in Chatfield Reservoir to conservation/multi-purpose storage.

Alternative #4 – Reallocation to allow an additional 7,700 acre-feet of Water Supply Storage: USACE reallocates 7,700 AF of designated flood storage capacity in Chatfield Reservoir to conservation/multi-purpose storage; non-tributary groundwater and gravel pits are used for the remaining yield.

The Project participants' preferred alternative is Alternative #3 – Reallocation to allow an additional 20,600 acre-feet of Water Supply Storage, redefined as the Chatfield Reservoir

Reallocation Project. It is desirable based on its ability to decrease the projected water deficit in the South Platte basin by utilizing an existing structure to enhance the raw water supply of multiple providers without drying up agricultural lands. The alternative is anchored around the conversion of flood storage to conservation/multi-purpose storage. Additional components of the project include the design and implementation of mitigation measures to address the impacts resulting from the increased and fluctuating pool elevation. The following list highlights some of the proposed mitigation measures:

- Compensatory Mitigation Plan (CMP), addressing wetlands, Preble's mouse and bird habitat
- Aquatic mitigation within Chatfield State Park
- Tree management plan
- Stream enhancement downstream of Chatfield Reservoir
- Stream enhancement upstream of Chatfield Reservoir
- Recreational facility mitigation within Chatfield State Park
- CPW revenue mitigation (Financial Plan)
- Shoreline stabilization

The table in Appendix C provides an expanded list of tasks associated with the mitigation measures.

Regulatory Process

The Project has undergone significant regulatory scrutiny at federal, state and local levels. At the federal level the USACE performed extensive feasibility and environmental studies pursuant to its regulatory and planning requirements. The culmination of the process is a joint Feasibility Report/Environmental Impact Statement that will serve as the basis for issuance of the Department of the Army Record of Decision (ROD). Following the ROD, the USACE must execute a Water Supply Agreement that permanently conveys the reallocation, granting participants the authority to store water in the conservation/multi-purpose pool. The USACE and Environmental Protection Agency (EPA) have agreed on the appropriate regulatory process.

The following is a summary of regulatory approvals required to implement the Project:

Federal – Compliance with the USACE regulations on reallocating storage space in the USACE facility; compliance with NEPA; compliance with Section 404 of the Clean Water Act (CWA) for dredge and fill activities in designated water of the U.S. associated with the recreational facilities modification plan and other mitigation incident to the reallocation; compliance with Section 7 of the Endangered Species Act (ESA) related to impacts to Preble's mouse and its designated critical habitat; and U.S. Forest Service (USFS) approval for work on USFS land along Sugar Creek.

State – Approval by CPW and the CWCB of the Fish, Wildlife and Recreation Mitigation Plan pursuant to C.R.S. 37-60-122.2; Colorado Department of Public Health and Environment (CDPHE) construction permits for air quality, water quality certification for any discharge-related mitigation activities, and permits for stormwater and construction dewatering.

Local – Douglas County permits for construction work along Plum Creek, West Plum Creek, Sugar Creek and at Chatfield Reservoir; and Jefferson County permits for construction work at Chatfield Reservoir.

Estimate of Probable Cost

The estimated total Project cost is approximately \$116 million and includes the reallocation of storage, engineering design and construction of state and federal mitigation measures, and a USACE storage fee based on the pro-rata cost of constructing Chatfield.

Table 1 provides a summarization of the Project cost. A more detailed list of itemized mitigation expenses is included in Appendix C.

TABLE 1: Estimated Total Project Cost

| Mitigation Measures Required by the USACE: | Near-term costs |
|---|-----------------|
| Compensatory Mitigation Plan | \$ 58,500,000 |
| Recreation Facilities Modification Plan | 31,600,000 |
| Marina Plan | 15,700,000 |
| Water Quality Monitoring and Modeling (est.) | 1,300,000 |
| Required Releases for Critical Low Flows | -- |
| Sub Total | \$107,100,000 |
| Additional C.R.S. 37-60-122.2 Mitigation Measures Included in Response to CPW Concerns: | |
| Plum Creek Restoration Plan | \$ 6,088,600 |
| Financial Plan (est.) | 1,000,000 |
| Stream Enhancement Upstream | 369,600 |
| Stream Enhancement Downstream | 265,000 |
| Hiring of Temporary CPW Resident Engineer (est.) | 225,000 |
| Shoreline Stabilization Plan | 716,100 |
| Marketing/ Public Relations Plan | 200,000 |
| Commitments in Reservoir Operations Plan | -- |
| Assistance with Environmental Pool and/or Environmental flow releases | -- |
| Sub Total | \$8,864,300 |
| Grand Total | \$115,964,300 |

Project Costs from November 2013 Mitigation Plan

To date, the District has contributed roughly \$254,900 towards legal and consulting fees related to independent studies. The fees expended to date, by the District or other Project participants, are not included in the total Project cost estimate and the District is not requesting reimbursement consideration on those expenses.

Project Schedule

The general Project schedule is as follows:

| | |
|--|------|
| Record of Decision signed | 2014 |
| Water Supply Agreement execution | 2014 |
| Recreational modifications completed | 2018 |
| On-site environmental mitigations completed | 2018 |
| Storage initiated | 2018 |
| Stream enhancements completed | 2019 |
| Off-site environmental mitigations completed | 2024 |

The District is requesting loan funds be available by July 1, 2014.

CASTLE PINES METROPOLITAN DISTRICT

District Background

The District is a political subdivision of the State of Colorado. The District was organized by a court order on June 14, 1973, following an election by the property owners in the District, and is governed by a five-member, elected Board of Directors. Directors are elected to staggered four year terms of office at successive biennial elections. The Board has the authority to authorize the District to contract and incur debt, and to set water rates as required to cover operating expenses.

The District provides the services contemplated by the District's Service Plan. Such services include street repair and maintenance, snow removal, road right-of-way maintenance, water treatment and distribution, sewer collection and storm drainage management services to the property owners of the District, as approved by the Board of Directors. The geographical area served by the District is a suburban area, the majority of which is residential or recreational property with limited service areas, a small commercial area and no manufacturing. The economic impact of the limited service property served by the District is minimal. The District encompasses 4 square miles of area, maintains 75 lane miles of roads, and 52 miles of potable water lines in the Village.

The District's water facilities include two Water Treatment Plants, eight potable wells, one irrigation-only well, 2 storage tanks, 1 potable water pump station and 1 irrigation/raw water only pump station. The daily average water production in 2012 was 1,008,149 gallons. The maximum daily treatment capacity is 4,100,000 gallons. We have a distribution network that includes over 59 miles of pipeline.

The District's service area is approximately 80% developed from a demand perspective, with a projected average annual demand of 1,634 AF at full build-out. Annual produced water demands have averaged approximately 1,056 AF in the last five years.

The District currently serves a population of approximately 4,500 residents, and maintains 1,700 water taps, including irrigation and flat rate accounts.

The District's Water Conservation Plan was approved by the CWCB in February 2010. The District evaluates its conservation efforts on an annual basis to ensure the programs offered are cost effective and in compliance with current state regulations. In 2012, the District applied for and received a grant from the CWCB to upgrade its existing meter reading system to an Advanced Meter Infrastructure Fixed Base System (AMI). The District and the CWCB grant each funded 50% of the total cost of \$231,000. The Fixed base system collects meter data and alarms from the utility meter base and transmits the data wirelessly to a data collection point. AMI will be used in conjunction with the AquaHawk Alerting™ program to provide a web-based water conservation and customer communication system that will enable the District to share information with customers so they can reduce unnecessary consumption and water waste. Also in 2012, the District implemented a Performance Based Irrigation Efficiency Rebate program. Landscape modifications had to be met, and a goal for irrigation gallons per growing season was calculated. This program provides rebates based on usage goals that apply in two-year terms.

The District is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which may occur when deemed appropriate by the governing board.

The annual budget serves as the foundation for the District's financial planning and control. All departments of the District are required to submit requests for appropriation to the District Manager. The District Manager uses these requests as the starting point for developing a proposed budget. The District Manager then presents this proposed budget to the Board of Directors (the Board) for review by October 15. The Board is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 15 of each year. The appropriated budget is prepared by fund. The District can amend the approved budget only with the approval of the Board.

Economic Condition

The District is located within Douglas County, Colorado, which was one of the fastest growing counties in the United States, but had slowed down with the economic downturn in the last few years. In the last year, the District is now seeing the economy pick back up and the building of additional residential properties resume. In 2010, the District conducted one site plan review and issued ten Certificate of Occupancy Letters. In 2013, site plans increased to 30 and 18 CO Letters were issued.

Long Term Financial Planning

In December 2006, the District completed work on a Long Range Master Plan (LRMP) with the assistance of professional engineers and water consultants. This LRMP contains information on the background of the District, Existing Water System and Facilities, Future Water Supply, Capital Improvement Plan Projects and a Financial Plan projecting revenue and expenses out to 2050. This plan is currently being reviewed in the following areas:

- Update core samples to verify how much water is in the Denver basin aquifer
- Estimated cost retrofit/expansion cost for the water wells used for aquifer recharge
- Estimated cost to be tied to the volume of water treatment capacities needed in the future
- Storage solutions are currently being reviewed for the enlargement of Chatfield reservoir, aquifer recharge study and new possible water storage tank
- Updates relating to final decrees entered in 2013 for water rights associated with storage of water in Chatfield Reservoir and other locations
- The District, the Town of Castle Rock and Castle Pines North Metro District are jointly involved in efforts to coordinate future water rights w operations and shared use of diversion and storage structures on Plum Creek, all of which relate to storage of water in Chatfield Reservoir

CPMD's Participation in the Chatfield Reallocation Project

Castle Pines Metro District is seeking participation in the Chatfield Reallocation Project for the purpose of securing storage of existing renewable water rights and future acquisitions of renewable water rights.

The District relies on nontributary and not nontributary ground water in the Denver Basin aquifers. There is general concern in the south metro area about the life expectancy of these aquifers. In addition, continued draw-down of these aquifers is anticipated to require an increasing number of wells in order to achieve current production levels. The District intends to use this extra storage space to decrease its dependency on Denver Basin water.

The District has secured junior renewable water rights that will be available primarily during high flows. The new storage in Chatfield Reservoir will allow the District to capture this water when available and to use it when needed. With the addition of the Chatfield storage, the District could store its renewable sources and reduce its demand on nonrenewable groundwater.

Water Rights

Please see Appendix D – Water Rights Portfolio Summary

Financial Analysis and Contracting

The District operates its water and wastewater services through an Enterprise Fund. The primary source of revenue is from the collection of water use fees, wastewater treatment fees, and service availability charges. The Board determines rate requirements and approves rates annually at its December board meeting. Water use and wastewater treatment fees are set at a rate sufficient to fund all operational and water expenses. Service availability charges are designed to fund 100% of the base debt service and the major repair and reserve fund.

The District has relied on its AA- bond rating for securing debt for financing the construction and maintenance of its infrastructure. The cumulative outstanding debt, as of December 31, 2012, is \$2.3 million and consists of revenue bonds and DWRF loans. The current annual obligation on debt service is \$291,348. This Project is expected to increase the annual debt service by \$5.5 million, including the 10% reserve account requirement, assuming CWCB approval of the full \$5,035,262 loan request. The additional debt burden will be paid from water rates and fund balances in the Enterprise Fund.

Over the past five years (2008-2012) operating revenues for the Enterprise Fund have averaged around \$3.6 million, while operating expenses, before depreciation, have averaged approximately \$2.3 million. The excess in annual revenues to expenses/debts over the last 5 years has enabled the District to grow its non-restricted cash reserves to approximately \$5.5 million. The District will draw on its reserves to fund its estimated \$559,473 cash contribution to the Project.

Copies of the financial audits for 2011 and 2012 and additional supporting financial documentation are provided in Appendix E.

The District is the proposed contracting entity that will execute the CWCB contract. As security for the loan the District is offering a pledge of Water Enterprise revenues backed by the rate covenant used in all District debts. Pending loan approval, the District will provide an Attorney Opinion Letter, Proof of Insurance, Federal W-9 Form and electronic fund transfer (ETF) information in accordance with CWCB guidelines.

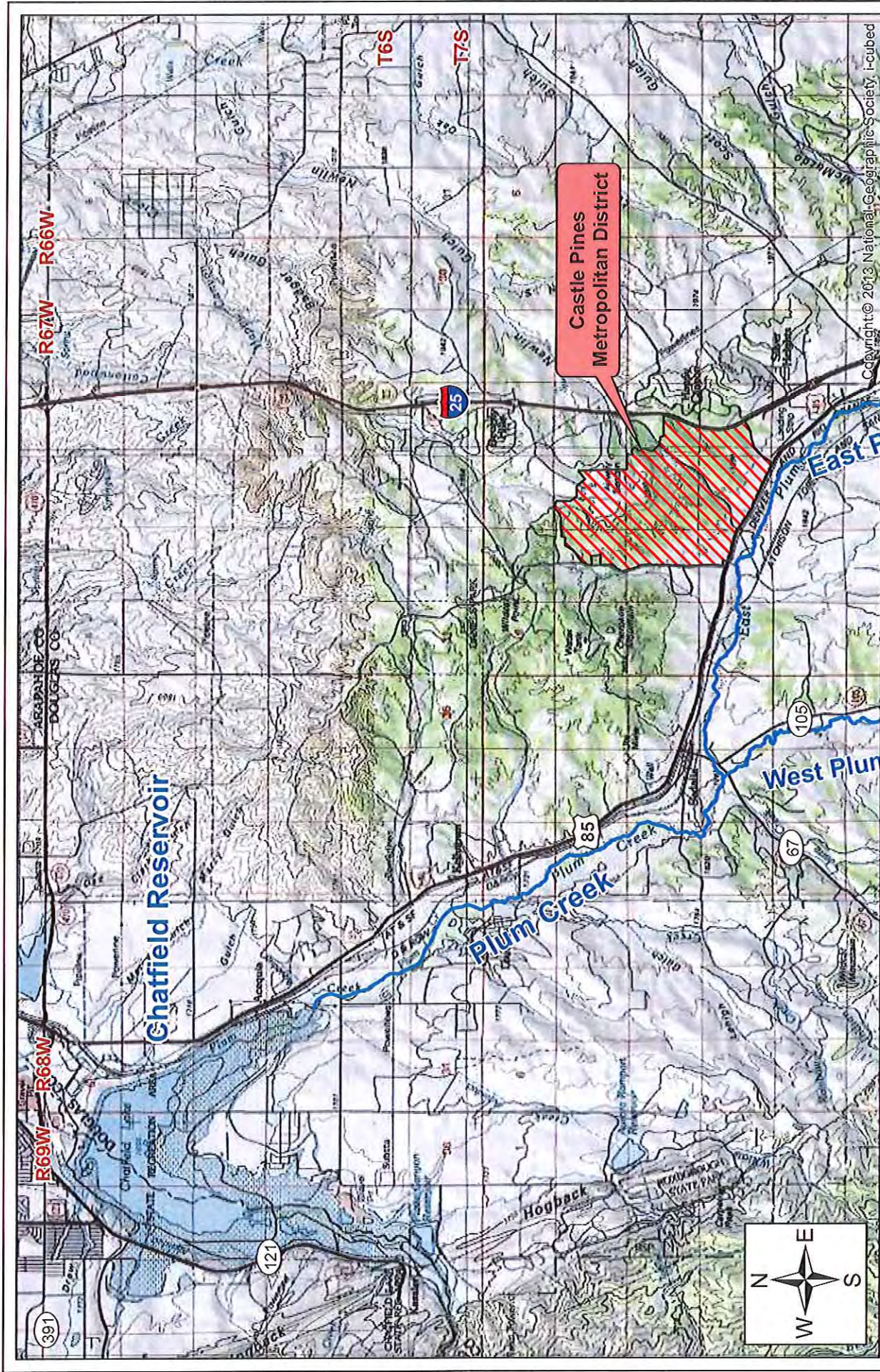
In order to receive loan funds the District will submit pay requests in accordance with CWCB guidelines. The District is requesting the CWCB disburse loan funds at a rate of 90% per invoice for eligible Project related expenses, up to the loan amount approved by the CWCB Board of Directors.

APPENDIX A – MAPS & EXHIBITS

A1 – Location Map

A2 – District Service Boundary

A3 – District Facility Map



Jehn Water Consultants, Inc.
 1565 Gilpin Street
 Denver, CO 80218
 (303) 321-8335
 (303) 321-8346 fax
www.jehnwater.com

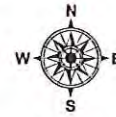
DRAFT

Sources:
 USGS 1:100,000 Topo Quadrangles
 Denver West, 1983; Denver East, 1981;
 Bailey, 1983; and Castle Rock, 1979.

CHATFIELD RESERVOIR REALLOCATION PROJECT **CASTLE PINES METROPOLITAN DISTRICT** *Location Map*

A

CASTLE PINES VILLAGE

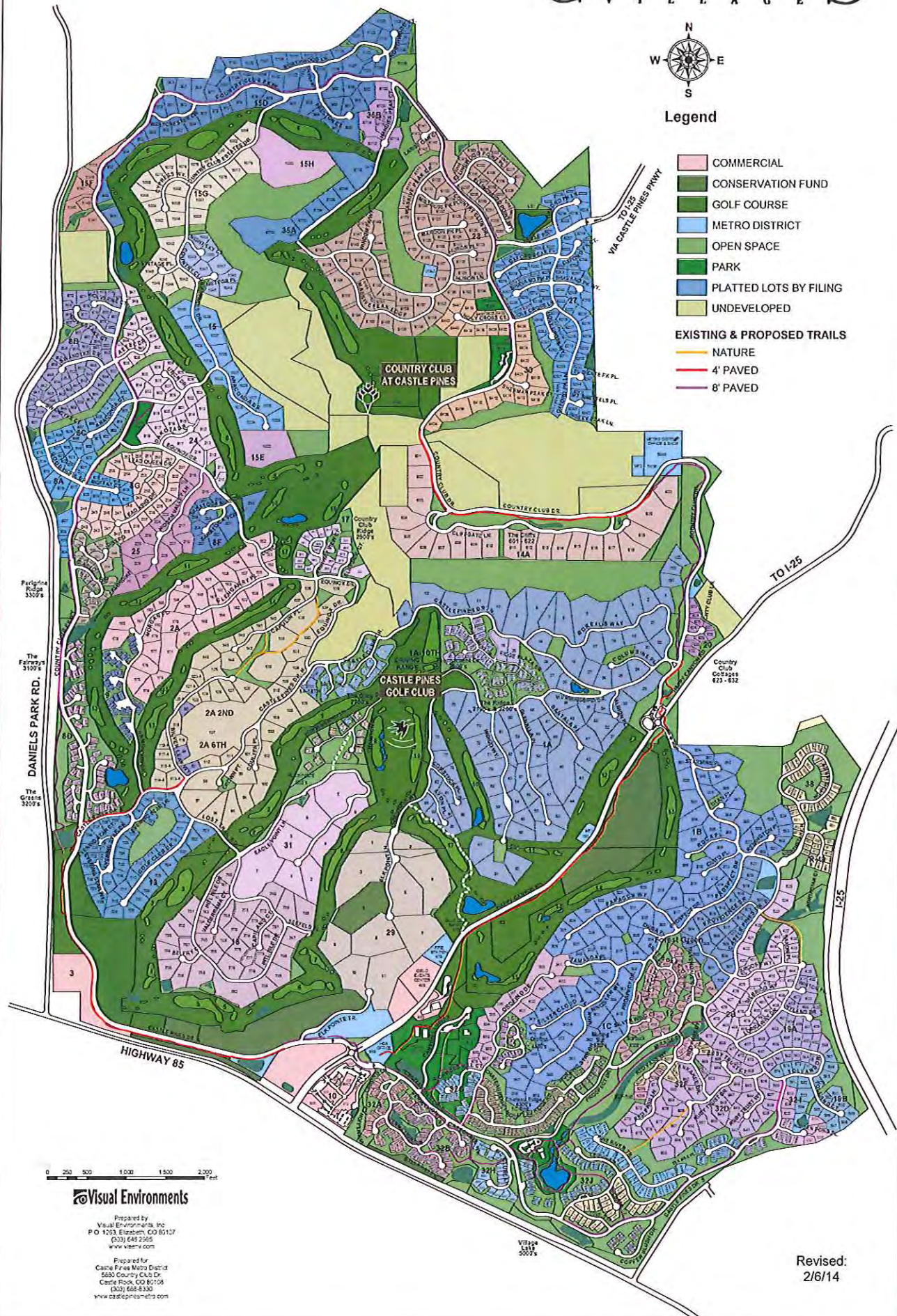


Legend

- COMMERCIAL
- CONSERVATION FUND
- GOLF COURSE
- METRO DISTRICT
- OPEN SPACE
- PARK
- PLATTED LOTS BY FILING
- UNDEVELOPED

EXISTING & PROPOSED TRAILS

- NATURE
- 4' PAVED
- 8' PAVED



Visual Environments

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Village
3218
3007's

Revised:
2/6/14

CASTLE PINES

METROPOLITAN DISTRICT

WATER SYSTEM



APPENDIX B – PROJECT PARTICIPANTS & STAKEHOLDERS

B1 – Project Participation Table

B2 – Colorado Revised Statute C.R.S. 37-60-122.2

| | | | |
|--|--|------------|------------|
| Chatfield Reallocation Project | | | 2/28/14 |
| List of Participants | | | |
| Storage allocations include SMWSA portions | | | |
| | | | |
| | | | Storage |
| | | | Amount, AF |
| | | | |
| 1 | Central Colo Water Conservancy Dist. | | 2,849.00 |
| 2 | Colorado Water Conservation Board* | | 6,650.30 |
| 3 | Denver Botanic Gardens at Chatfield | | 40.00 |
| 4 | Centennial Water and Sanitation Dist. | | 6,922.10 |
| 5 | Castle Rock | | 1,500.30 |
| 6 | Castle Pines North Metro Dist. | | 1,005.80 |
| 7 | Castle Pines Metro Dist. | | 786.70 |
| | Other South Metro Water Supply Authority | | |
| 8 | | ACWWA | 121.58 |
| 9 | | Cottonwood | 64.30 |
| 10 | | Stonegate | 64.30 |
| 11 | | Pinery | 64.30 |
| 12 | Mount Carbon Metro Dist | | 400.00 |
| 13 | Center of Colorado WCD | | 131.32 |
| | | | 20,600.00 |
| * - Pending | | | |

37-60-122.2. Fish and wildlife resources - legislative declaration - fish and wildlife resources fund - authorization.

(1) (a) The general assembly hereby recognizes the responsibility of the state for fish and wildlife resources found in and around state waters which are affected by the construction, operation, or maintenance of water diversion, delivery, or storage facilities. The general assembly hereby declares that such fish and wildlife resources are a matter of statewide concern and that impacts on such resources should be mitigated by the project applicants in a reasonable manner. It is the intent of the general assembly that fish and wildlife resources that are affected by the construction, operation, or maintenance of water diversion, delivery, or storage facilities should be mitigated to the extent, and in a manner, that is economically reasonable and maintains a balance between the development of the state's water resources and the protection of the state's fish and wildlife resources.

(b) Except as provided in this paragraph (b), the applicant for any water diversion, delivery, or storage facility which requires an application for a permit, license, or other approval from the United States shall inform the Colorado water conservation board, wildlife commission, and division of wildlife of its application and submit a mitigation proposal pursuant to this section. Exempted from such requirement are the Animas-La Plata project, the Two Forks dam and reservoir project, and the Homestake water project for which definite plan reports and final environmental impact statements have been approved or which are awaiting approval of the same, applicants for site specific dredge and fill permits for operations not requiring construction of a reservoir, and applicants for section 404 federal nationwide permits. If an applicant that is subject to the provisions of this section and the commission agree upon a mitigation plan for the facility, the commission shall forward such agreement to the Colorado water conservation board, and the board shall adopt such agreement at its next meeting as the official state position on the mitigation actions required of the applicant. In all cases the commission shall proceed expeditiously and, no later than sixty days from the applicant's notice, unless extended in writing by the applicant, make its evaluation regarding the probable impact of the proposed facility on fish and wildlife resources and their habitat and to make its recommendation regarding such reasonable mitigation actions as may be needed.

(c) The commission's evaluation and proposed mitigation recommendation shall be transmitted to the Colorado water conservation board. The board within sixty days, unless extended in writing by the applicant, shall either affirm the mitigation recommendation of the commission as the official state position or shall make modifications or additions thereto supported by a memorandum that sets out the basis for any changes made. Whenever modifications or additions are made by the board in the commission's mitigation recommendation, the governor, within sixty days, shall affirm or modify the mitigation recommendation which shall then be the official state position with respect to mitigation. The official state position, established pursuant to this subsection (1) shall be communicated to each federal, state, or other governmental agency from which the applicant must obtain a permit, license, or other approval.

(2) (a) Moneys transferred to the fish and wildlife resources fund pursuant to the provisions of section 37-60-121 (6) are hereby continuously appropriated to the Colorado water conservation board for the purpose of making grants pursuant to this subsection (2) and for offsetting the direct and indirect costs of the board for administering the grants. The interest earned from the investment of the moneys in the fund shall be credited to the fund.

(b) To the extent that the cost of implementing the mitigation recommendation made pursuant to subsection (1) of this section exceeds five percent of the costs of a water diversion, delivery, or storage facility, the board shall, upon the application of the applicant, make a mitigation grant to the applicant. The amount of the grant shall be sufficient to pay for the mitigation recommendation as determined by this section to the extent required above the applicant's five percent share. Any additional enhancement shall be at the discretion and within the means of the board. Under no circumstance shall the total amount of the grant exceed five percent of the construction costs of the project, or be disbursed in installments that exceed seventy percent of the amount of the grant during any fiscal year. Any mitigation cost in excess of ten percent of the construction costs of a project shall be borne by the applicant.

(c) An applicant may apply for an enhancement grant by submitting to the commission and the board an enhancement proposal for enhancing fish and wildlife resources over and above the levels existing without such facilities. The commission shall submit its recommendations on the proposal to the board for its consideration. The board, with the concurrence of the commission, may award a grant for fish and wildlife enhancement. Any such enhancement grant will be shared equally by the Colorado water conservation board's fish and wildlife resources fund and the division of wildlife's wildlife cash funds and other funds available to the division.

(d) For the purpose of this subsection (2), construction costs means the best estimate of the physical construction costs as fixed by the Colorado water conservation board as of the date of the grant application. Costs should be limited to design, engineering and physical construction and will not include the costs of planning, financing, and environmental documentation, mitigation costs, legal expenses, site acquisition or water rights.

(e) Species recovery grants from the fish and wildlife resources fund may be made for the purpose of responding to needs of declining native species and to those species protected under the federal "Endangered Species Act of 1973", 16 U.S.C. sec. 1531, et seq., as amended, in a manner that will carry out the state water policy.

(f) (Deleted by amendment, L. 2001, p. 692, § 28, effective May 30, 2001.)

(3) Decisions relating to the official state mitigation position made pursuant to paragraph (c) of subsection (1) of this section shall not be subject to judicial review.

(4) The board shall distribute mitigation and enhancement grants reasonably and equitably among water basins toward the end that those projects sponsored by beneficiaries east of the continental divide receive fifty percent of the money granted and those projects sponsored by beneficiaries west of the continental divide receive fifty percent of the money granted under this section.

(5) The general assembly hereby recognizes the role instream flows and river restoration projects play in mitigating the effects of the construction, operation, and maintenance of water diversion, delivery, and storage facilities. Therefore, the Colorado water conservation board and the operators of existing water diversion, delivery, or storage facilities projects are hereby authorized to apply directly to the board for moneys for projects to carry out the purposes of this section. The board is authorized to grant such moneys if it finds that such projects will further the purposes of this section.

Source: L. 87: Entire section added, p. 1297, § 5, effective July 13. L. 97: (1)(a) and (2)(a) amended and (2)(e) added, p. 1600, § 1, effective June 4. L. 98: (2)(f) added, p. 1004, § 5, effective May 27. L. 99: (2)(a) amended, p. 628, § 36, effective August 4. L. 2001: (2)(a), (2)(c), (2)(e), and (2)(f) amended, p. 692, § 28, effective May 30. L. 2002: (5) added, p. 456, § 28, effective May 23.

APPENDIX C – PROJECT SUMMARY TABLE: FISH, WILDLIFE and RECREATIONAL MITIGATION MEASURES

Please view link:

<http://www.savechatfield.org/content/>

APPENDIX D – WATER RIGHTS PORTFOLIO SUMMARY

CASTLE PINES METROPOLITAN DISTRICT WATER RIGHTS SUMMARY

The District's water rights portfolio includes Denver Basin ground water rights and surface water rights on East Plum Creek and the South Platte River.

Denver Basin Ground Water Rights

- Currently utilizes a combination of 10 existing wells in the Lower Dawson, Denver and Arapahoe aquifers to meet the demands of the District.
- A total of 3,538.28 acre-feet per year of Denver Basin water may be utilized within the District pursuant to the following decrees:
 - W-7726-74, W-8452-76, 79CW270, 79CW272, 80CW54, 80CW370, 80CW371, 84CW59, 84CW60, 84CW61, 84CW62, 85CW466, 85CW467, 85CW468, 85CW469, 85CW470, 85CW471, 98CW400, 98CW468 and 00CW128.

Surface Water Rights

The District has decreed points of diversion on and tributary to East Plum Creek decreed storage rights in Chatfield Reservoir, Plum Creek Reservoir, Rueter-Hess Reservoir and the Denver Basin aquifers. Those decreed rights, and associated augmentation plans, are included in Case Nos. 85CW479 (and subsequent change cases), 04CW292, 04CW293, 04CW308, and 09CW275. Case No. 04CW308 specifically decreed a total of 1,000 acre-feet of storage in Chatfield Reservoir to the District and Castle Pines North Metropolitan District, with an appropriation date of November 9, 2004.

APPENDIX E – FINANCIAL DOCUMENTATION

E1 – Five Year Financial Summary (2008-2012)

E2 – Long-term Debt

E3– 2014 Adopted Budget (*in electronic version*)

E4 – 2011 Financial Audit (*in electronic version*)

E5 – 2012 Financial Audit (*in electronic version*)

CASTLE PINES METRO DISTRICT

RECAP OF ENTERPRISE FUND ACTIVITY

YEARS 2008 - 2012

4/2/2014

| ENTERPRISE FUND | Year 2008 | Year 2009 | Year 2010 | Year 2011 | Year 2012 | 5 Year |
|--|------------------|------------------|------------------|------------------|------------------|-----------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>% Change</u> |
| Revenues, excluding non-recurring items: | | | | | | |
| Water service fees | \$1,888,413 | \$1,851,011 | \$2,117,580 | \$2,094,914 | \$2,198,195 | |
| - % increase from prior year | 16.2% | -2.0% | 14.4% | -1.1% | 4.9% | 16.4% |
| Sewer and storm drainage fees | 908,303 | 961,467 | 962,015 | 962,791 | 968,283 | |
| - % increase from prior year | 10.3% | 5.9% | 0.1% | 0.1% | 0.6% | 6.6% |
| Effluent revenues | 279,742 | 199,466 | 325,755 | 268,382 | 305,944 | |
| Other revenues | 254,389 | 340,732 | 363,639 | 377,060 | 445,874 | |
| Total revenues | 3,330,847 | 3,352,676 | 3,768,989 | 3,703,147 | 3,918,296 | 17.6% |
| Expenses and routine capital expenditures: | | | | | | |
| Operating expenses ** | (2,276,640) | (2,096,362) | (2,333,882) | (2,256,620) | (2,518,864) | 10.6% |
| Non-operating expenses (primarily Prin&Int) ** | (387,919) | (365,098) | (588,596) | (645,813) | (751,638) | 93.8% |
| Routine capital expenditures (b) | (755,002) | (1,291,335) | (300,705) | (447,365) | (444,222) | (b) |
| Total expenses & routine capex | (3,419,561) | (3,752,795) | (3,223,183) | (3,349,798) | (3,714,724) | |
| - % increase from prior year | -10.2% | 9.7% | -14.1% | 3.9% | 10.9% | 8.6% |
| Total from operations | (88,714) | (400,119) | 545,806 | 353,349 | 203,572 | |
| Transfers in from General Fund | 324,377 | 155,800 | 356,430 | 353,632 | 362,000 | (c) |
| Total after transfers | 235,663 | (244,319) | 902,236 | 706,981 | 565,572 | |
| Non-recurring items: | | | | | | |
| System development fees, sewer & water | 0 | 0 | 0 | 0 | 0 | |
| New treatment plant and well: | | | | | | |
| -Developer contribution | 0 | 0 | 0 | 0 | 0 | |
| -Water treatment plant loan | 0 | 0 | 0 | 0 | 0 | |
| -Water treatment plant cape: (b) | 0 | 0 | 0 | 0 | 0 | |
| Audit adjustments, etc. | 0 | 0 | 0 | 0 | 0 | |
| Fund balance, beginning of year | 3,508,815 | 3,684,508 | 3,432,540 | 4,327,127 | 5,026,459 | |
| Fund balance, end of year | \$3,744,478 | \$3,432,540 | \$4,327,127 | \$5,026,459 | \$5,584,382 | |
| - Fund bal as % of expenses and capex | 109.5% | 91.5% | 134.3% | 150.1% | 150.3% | Target 100% |
| - % increase from prior year | 5.6% | -8.3% | 26.1% | 16.2% | 11.1% | |

ENTERPRISE FUND

CASTLE PINES METRO DISTRICT

RECAP OF ENTERPRISE FUND ACTIVITY

YEARS 2008 - 2012

4/2/2014

| ENTERPRISE FUND | Year 2008 | Year 2009 | Year 2010 | Year 2011 | Year 2012 | 5 Year |
|---|------------------|------------------|------------------|------------------|------------------|-----------------|
| | Actual | Actual | Actual | Actual | Actual | % Change |
| Operating Expenses: | | | | | | |
| Personnel services | 505,807 | 628,059 | 675,516 | 664,494 | 683,931 | |
| - % increase from prior year | -12.7% | 24.2% | 7.6% | -1.6% | 2.9% | 35.2% |
| Contract services | 766,724 | 640,371 | 669,935 | 657,719 | 689,398 | |
| - % increase from prior year | 10.0% | -16.5% | 4.6% | -1.8% | 4.8% | -10.1% |
| Utilities | 531,659 | 346,526 | 490,255 | 492,649 | 494,486 | |
| - % increase from prior year | 3.2% | -34.8% | 41.5% | 0.5% | 0.4% | -7.0% |
| General overhead | 97,177 | 108,263 | 147,219 | 126,849 | 283,324 | |
| - % increase from prior year | 60.2% | 11.4% | 36.0% | -13.8% | 123.4% | 191.6% |
| Repair&maintenance (except routine capex) | 351,546 | 364,975 | 345,901 | 295,713 | 361,238 | |
| - % increase from prior year | 18.2% | 3.8% | -5.2% | -14.5% | 22.2% | 2.8% |
| Repair and maintenance (routine capex) | 23,727 | 8,168 | 5,056 | 19,196 | 6,487 | |
| - % increase from prior year | 60.7% | -65.6% | -38.1% | 279.7% | -66.2% | -72.7% |
| Total general government expenses | 2,276,640 | 2,096,362 | 2,333,882 | 2,256,620 | 2,518,864 | |
| - % increase from prior year | 5.2% | -7.9% | 11.3% | -3.3% | 11.6% | 10.6% |
| Non-Operating Expenses: | | | | | | |
| Bond principal and interest (water & sewer) | 0 | 0 | 0 | 0 | 0 | |
| WTP2 loan principal and interest | 0 | 0 | 0 | 0 | 0 | |
| W&S Rev Bond 2003 | 207,855 | 202,445 | 207,678 | 202,259 | 201,327 | -3.1% |
| DWRF Loans | 163,083 | 162,153 | 162,117 | 162,082 | 162,043 | -0.6% |
| Other expenses | 16,981 | 500 | 218,801 | 281,472 | 388,268 | |
| Total non-operating expenses | 387,919 | 365,098 | 588,596 | 645,813 | 751,638 | |
| - % increase from prior year | 17.4% | -5.9% | 61.2% | 9.7% | 16.4% | 93.8% |

Future Debt Service Obligations

| | W&S Rev Bond, Series 2003 | DWRF | DWRF | Total Per Year |
|--------------|--|------------------|----------------|---------------------------|
| 2014 | 205,020 | 145,099 | 17,983 | 368,102 |
| 2015 | 207,800 | 145,099 | 17,983 | 370,882 |
| 2016 | - | 145,099 | 17,983 | 163,082 |
| 2017 | - | 145,099 | 17,983 | 163,082 |
| 2018-2022 | - | 725,495 | 89,914 | 815,409 |
| 2023-2026 | - | 580,396 | 80,923 | 661,319 |
| Total | 412,820 | 1,886,287 | 242,769 | |

ENTERPRISE FUND

LONG TERM DEBT

On May 25, 2006, the District entered into a Drinking Water Revolving Fund (DWRF) Loan with the Colorado Water Resources and Power Development Authority (CWRPDA), in the principal amount of \$2,000,000 for 20 years at an annual interest rate of 3.75% for construction of a transfer station and associated piping to enable the transfer of raw water between the District's water treatment plants. The loan is payable from and collateralized by the District's water and sewer revenues in the amount of approximately \$2,031,386 through 2026. Principal and interest paid for the current year and pledged revenues received were each \$145,099. The proportion of the pledged revenue to total water and sewer revenues is not estimable because annual total fees collected fluctuate. The repayment schedule for the loan, as of December 31, 2012, including interest, is as follows:

| Year | Principal | Interest | Total |
|-----------|--------------|------------|--------------|
| 2012 | \$ 83,886 | \$ 61,213 | \$ 145,099 |
| 2013 | 87,061 | 58,038 | 145,099 |
| 2014 | 90,356 | 54,743 | 145,099 |
| 2015 | 93,777 | 51,322 | 145,099 |
| 2016 | 97,326 | 47,773 | 145,099 |
| 2017-2021 | 544,759 | 180,736 | 725,495 |
| 2022-2026 | 655,965 | 69,530 | 725,495 |
| Total | \$ 1,653,130 | \$ 523,355 | \$ 2,176,485 |

On November 6, 2006, the District obtained an additional DWRF loan with CWRPDA in the principal amount of \$250,000 for 20 years at an annual interest rate of 3.75% for additional costs associated with the project. The loan is payable from and collateralized by the District's water and sewer revenues in the amount of approximately \$260,752 through 2027. Principal and interest paid for the current year and pledged revenues received were each \$17,983.

Both DWRF loans have rate covenants requiring sufficient rates and service charges for use of the water system to produce gross revenue, defined by the loan document, for each calendar year, sufficient to pay the sum of operations and maintenance costs, defined by the loan document, plus 110% of the debt service due on the outstanding bond and debt service coming due during the calendar year on any obligations secured by a lien on the pledged property, plus amount to be paid each year into any debt service reserve account, and a sum equal to the debt service on any obligations secured by pledged property, and amounts necessary to pay and discharge all charges and liens or other indebtedness not described above payable out of revenues during the year.

The proportion of the pledged revenue to total water and sewer revenues is not estimable because annual total fees collected fluctuate. The repayment schedule for the loan as of December 31, 2012, including interest, is as follows:

| Year | Principal | Interest | Total |
|-----------|------------|-----------|------------|
| 2012 | \$ 10,205 | \$ 7,778 | \$ 17,983 |
| 2013 | 10,591 | 7,392 | 17,983 |
| 2014 | 10,992 | 6,991 | 17,983 |
| 2015 | 11,408 | 6,575 | 17,983 |
| 2016 | 11,840 | 6,143 | 17,983 |
| 2017-2021 | 66,272 | 23,642 | 89,914 |
| 2022-2026 | 79,801 | 10,113 | 89,914 |
| 2027 | 8,825 | 165 | 8,990 |
| Total | \$ 209,934 | \$ 68,799 | \$ 278,733 |

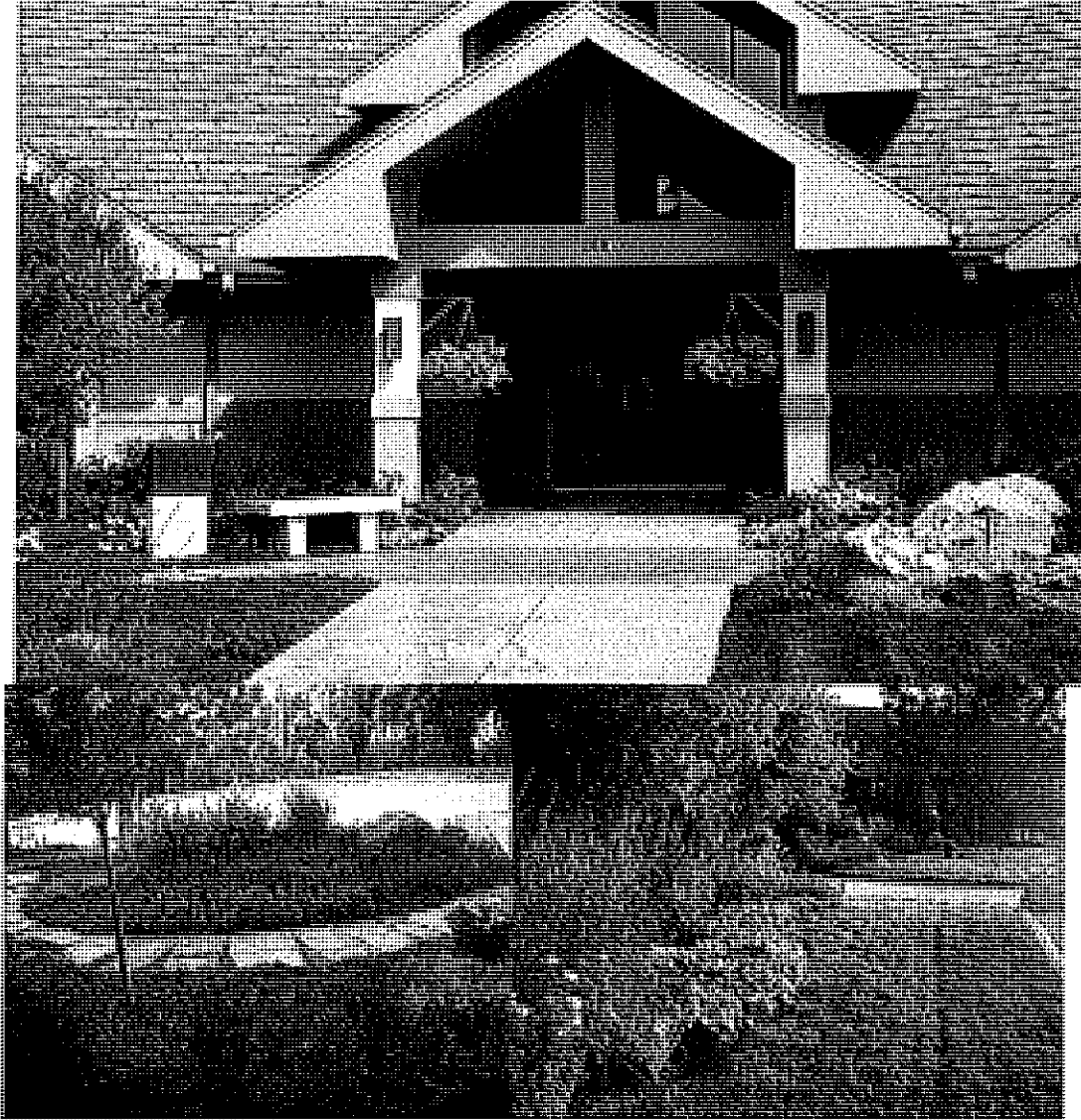
The Water and Sewer Revenue Refunding Bond is payable from and collateralized by the District's water and sewer revenues in the amount of approximately \$619,685 through 2015. Principal and interest paid for the current year and pledged revenues received were each \$203,165. The proportion of the pledged revenue to total water and sewer revenues is not estimable because annual total fees collected fluctuate. The original purpose of the bonds was for construction of the water treatment facility. The District is required to maintain certain minimum deposits, as defined in the bond resolution, to meet debt service requirements.

The requirements to amortize the revenue refunding bonds outstanding as of December 31, 2012, including interest, are as follows:

| Year | Principal | Interest | Total |
|-------|------------|-----------|------------|
| 2012 | \$ 175,000 | \$ 28,165 | \$ 203,165 |
| 2013 | 185,000 | 21,865 | 206,865 |
| 2014 | 190,000 | 15,020 | 205,020 |
| 2015 | 200,000 | 7,800 | 207,800 |
| Total | \$ 750,000 | \$ 72,850 | \$ 822,850 |

Castle Pines Metropolitan District Final Budget

2014



*Approved by Board of Directors
December 11, 2013*

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Castle Rock, CO 80108
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**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
INDEX**

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CASTLE PINES METROPOLITAN DISTRICT 2014 BUDGET BUDGET MESSAGES

SERVICES PROVIDED BY THE DISTRICT:

The District will provide the following services in the fiscal year 2014:

GENERAL FUND:

1. Street Repair and Maintenance
2. Snow Removal
3. Right-of-Way Landscape Maintenance
4. Castle Pines HOA Landscape & Trail Maintenance

ENTERPRISE FUND:

5. Sewer Collection Service
6. Storm Drainage Maintenance
7. Water service to entire Village

BASIS OF ACCOUNTING USED TO PREPARE BUDGET:

Modified Accrual Basis

Under the modified accrual basis of accounting, the revenues are recognized in the accounting period in which they become both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term obligations which are recognized when due.

BUDGET HIGHLIGHTS:

General Fund

A budget goal is to maintain approximately 75% of yearly operating expenses and capital expenditures in the General fund reserve account.

The non-capitalized capital expenditures budget includes \$350,000 to **overlay roads** as suggested in the PMS reporting data. The District is

funding \$300,000 as a **Train Whistle Contribution**, to help in sound mitigation construction. The budget also includes \$75,000 to repair the split rail **fencing on Happy Canyon Road**.

The general fund capital expenditures allocated \$71,800 to **Traffic Speed Mitigation**. This line item, which includes engineering, is to re-evaluation the traffic speed mitigation plan and prioritizes the safety issues.

The budget also includes replacement of our **Main Phone System** in the administrative offices, shop and WTP2. The existing system was installed in 2004. The cost of the replacement is approximately \$26,000.

The general fund capital expenditures include a **Bobcat Mini-X**. This equipment replaces a 2002 John Deere Mini-X. By purchasing this equipment, it allows the District to participate in the annual government swap program. This equipment is used for water, sewer, storm repairs, as well as, landscaping and irrigation. The initial cost is \$39,500.

The District has a Fleet Replacement Policy to replace vehicles every 5 years or 100,000 miles. This year the budget includes two (2) replacement **Pick up Trucks** with a full up-fit of plows, strobe lights, bed liners and tool boxes. These trucks are expensed at \$39,800 each, and will replace two 2006 pick up trucks, meeting the age and mileage requirements.

The capital expenditures also include a contingency for one **Kubota RTV-900** for \$15,000, if necessary.

Enterprise Fund

A budget goal is to maintain 100% of one years' operations expense (excluding major capital expenditures) in the Enterprise reserve account.

The District's Water Conservation Plan was approved in 2010 and will help to better plan for long-term water usage in the Village. The 2013 budget of \$34,436 for **water conservation** includes funding for mapping irrigation areas, program evaluations, Aqua Hawk Alerting program, and \$4,500 for a consultant to provide a program to study unaccountable water. A new Performance Based Rebate program was put in place in 2012. Homeowners were required to sign up in 2012 to participate in this 2 year program which will fund rebates in 2013 & 2014. For 2013, we have seven (7) homeowners and sub-associations participating in the rebate program, for a total of \$4,100. The criteria and expectation for water savings for this rebate will be set up individually for each homeowner.

The District has budgeted \$327,080 for **Water Resources** in 2013. This line item was created in 2009 and includes expenses that were transferred from Conjunctive Use, Legal, Membership Fees, and Consulting & Engineering.

This individual line item was created to help staff track expenses for securing renewable & sustainable water resources for the future.

The enterprise fund includes a **contingency for a well pump and motor**, costing approximately \$150,000. This cost is based upon replacing an Arapahoe Well, our deepest in Castle Pines Village.

In 2012, the District was able to select a location and start the design of a new 1MG water storage tank. A line item in capital expense for the **1MG Storage Tank** has a budget of \$100,000 in 2013, with completed work in 2012 of \$50,000. The addition of a water storage tank will provide storage for peak day demands while improving operations. The storage tank will also maximize the use of the District's aquifer recharge well and the tank will capitalize on water pressure for meeting fire flows. The District anticipates funding the total cost of this construction project, along with the Chatfield Re-Allocation Project, with a future bond.

The budget includes \$50,000 for an **Acid Wash for Well DE-8**. The multi-phase well cleaning will eliminate the bio-fouling that is plugging the well screens. Iron bacteria also negatively effects the well pump and transmission lines and water treatment plants by the accumulations of corrosion causing iron oxide. An effective Acid Wash is necessary to preserve the District's water assets. The budget also includes \$100,000 for the replacement of the **Pump and Motor for Well DE-8** and \$60,000 for the replacement of the **Drive for Well De-8**. This well was constructed in 1999 and most recently up-fitted in 2008. The equipment life span was approximately seven years which is typical for well equipment.

The enterprise fund also includes a capital expenditure of \$900,000 for a **Water Transfer Line**, between BPS1 and BPS2. This will help to eliminate surging in the Summit area, along with preventing the Water Storage Tank 2 from draining in the summer.

Debt Service Fund

REFINANCED BONDS

The General Obligation Refunding Bonds, Series 1997, were refinanced in December 2008, which netted the District \$575,000 in savings over the remaining 7 years. The refinanced GO Bonds will be paid in full in December 2015 and the term of the bonds and the payment schedules remained the same as the prior issue. The total outstanding long-term debt for the General Obligation Bonds is as follows:

| | |
|-------------------------------------|------------------|
| Bonds Payable January 1, 2013 | \$4,445,000 |
| Less Bonds retired during the year | <u>1,425,000</u> |
| Bonds Outstanding December 31, 2013 | \$3,020,000 |

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
GENERAL FUND**

| FUND NUMBER 10 | | ASSESSED VALUATION | | | |
|--|----------------------------------|---------------------------|------------------------|--------------------------------------|------------------------|
| | | | | \$ 124,702,921 | 25.434 |
| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | 2012 Actual | 2013 Budget | 2013 Projected Actual | 2014 Budget |
| BEGINNING FUND BALANCE RESERVED | | \$6,223,688 | \$7,365,312 | \$7,408,369 | \$8,154,266 |
| REVENUE: | | | | | |
| 4110 | Property Tax <i>(Note 1)</i> | 3,448,674 | 3,445,051 | 3,445,051 | 3,171,694 |
| 4120 | Specific Ownership Tax | 352,396 | 345,000 | 381,000 | 359,523 |
| 4130 | Penalties & Interest on Tax | 17,875 | 5,500 | 9,849 | 5,500 |
| 4135 | Abatements <i>(Note 2)</i> | (907) | (103,351) | (52,000) | (63,434) |
| 4210 | Earning on Deposits | 20,716 | 15,000 | 13,263 | 12,500 |
| 4211 | Unrealized Gain/Loss | 1,455 | - | - | - |
| 4240 | Miscellaneous Income | 991 | 2,000 | 11,009 | 2,000 |
| 4430 | Street Sweeping Fee/Builders | 1,800 | 800 | 2,400 | 1,500 |
| 4440 | CP HOA Landscaping | 96,380 | 96,380 | 97,980 | 120,000 |
| TOTAL REVENUE | | 3,939,380 | 3,806,380 | 3,908,552 | 3,609,283 |
| TOTAL FUNDS AVAILABLE | | 10,163,068 | 11,171,692 | 11,316,921 | 11,763,549 |
| EXPENDITURES: | | | | | |
| GENERAL GOVERNMENT | | | | | |
| 5100 PERSONNEL SERVICES | | | | | |
| 5110 | Salaries & Wages <i>(Note 3)</i> | 555,641 | 585,128 | 588,175 | 622,306 |
| 5120 | Mandatory Payroll Obligations | 95,273 | 104,042 | 104,396 | 106,876 |
| 5130 | Health & Disability Insurance | 95,108 | 103,116 | 96,916 | 98,585 |
| TOTAL PERSONNEL SERVICES | | 746,022 | 792,286 | 789,487 | 827,766 |
| 5160 CONTRACT SERVICES | | | | | |
| 5161 | Legal | 61,925 | 60,000 | 50,673 | 60,000 |
| 5162 | Accounting | 1,825 | 1,500 | 320 | 1,500 |
| 5163 | Auditing | 18,708 | 16,850 | 16,850 | 16,850 |
| 5164 | Engineering | 32,143 | 84,500 | 40,615 | 47,200 |
| 5165 | Data Processing & Other | 3,924 | 4,080 | 4,250 | 4,250 |
| 5166 | Consultant Services - Other | 17,433 | 13,780 | 14,634 | 19,050 |
| TOTAL CONTRACT SERVICES | | 135,956 | 180,710 | 127,342 | 148,850 |

See Notes on Pages 11 - 13

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
GENERAL FUND**

FUND NUMBER 10

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | 2012 Actual | 2013 Budget | 2013 Projected Actual | 2014 Budget |
|------------------------------------|--------------------------------------|------------------------|------------------------|--------------------------------------|------------------------|
| 5200 UTILITIES | | | | | |
| 5201 | Telephone | 15,533 | 15,295 | 15,826 | 16,721 |
| 5202 | Electricity and Power | 10,868 | 11,880 | 11,880 | 11,880 |
| 5203 | Gas and Heat | 3,537 | 5,340 | 5,340 | 5,340 |
| 5204 | Trash Removal | 6,596 | 8,340 | 7,513 | 8,340 |
| | TOTAL UTILITIES | 36,535 | 40,855 | 40,559 | 42,281 |
| 5220 GENERAL OVERHEAD | | | | | |
| 5221 | Office Supplies & Printing | 15,266 | 17,215 | 16,945 | 17,565 |
| 5222 | Membership Fees | 2,513 | 2,743 | 2,867 | 2,827 |
| 5223 | Subscriptions, Publications, Ads. | 1,555 | 1,000 | 1,113 | 1,000 |
| 5224 | Permit & Filing Charges | - | 150 | 100 | 150 |
| 5225 | Postage, Freight & Delivery Service | 5,057 | 5,500 | 4,674 | 4,200 |
| 5226 | Training & Tuition Fees | 4,961 | 5,000 | 3,500 | 10,000 |
| 5227 | Travel, Meeting and Meals | 12,037 | 10,600 | 10,803 | 11,400 |
| 5228 | Public Relations | 8,220 | 8,700 | 9,014 | 8,900 |
| 5229 | Community Event | 11,617 | 12,000 | 12,248 | 12,000 |
| 5230 | Operating Supplies | 11,890 | 14,850 | 14,350 | 14,350 |
| 5231 | Software | 4,852 | 9,070 | 11,822 | 13,070 |
| 5250 | County Treasurer Collection | 51,907 | 51,676 | 51,676 | 47,575 |
| 5251 | Election Expenses | 51 | - | - | 7,500 |
| 5260 | Property & Liability Insurance | 17,573 | 18,746 | 18,477 | 17,365 |
| 5270 | Miscellaneous Expenses | 11,777 | 3,000 | 1,000 | 1,900 |
| 5280 | Equipment and Storage Rental | 1,478 | 1,300 | 1,636 | 1,636 |
| | TOTAL GENERAL OVERHEAD | 160,756 | 161,550 | 160,224 | 171,438 |
| 5300 REPAIR AND MAINTENANCE | | | | | |
| 5301 | Supplies & Equipment | 695 | 2,500 | 2,500 | 2,500 |
| 5303 | Vehicle Fuel | 70,780 | 72,398 | 72,534 | 77,368 |
| 5305 | Services - Vehicle | 65,043 | 58,520 | 63,564 | 63,520 |
| 5306 | Office Building and O & M | 35,765 | 29,385 | 28,899 | 33,257 |
| 5310 | Small Equipment < than \$5K (Note 4) | 18,511 | 53,450 | 49,811 | 34,047 |
| | TOTAL REPAIRS AND MAINTENANCE | 190,794 | 216,253 | 217,308 | 210,692 |
| TOTAL GENERAL GOVERNMENT | | 1,270,063 | 1,391,854 | 1,334,919 | 1,401,027 |

See Notes on Pages 11 - 13

12/11/13

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
GENERAL FUND**

| FUND NUMBER 10 | | | | | |
|--|--|------------------------|------------------------|--------------------------------------|------------------------|
| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | 2012 Actual | 2013 Budget | 2013 Projected Actual | 2014 Budget |
| 5400 PUBLIC WORKS | | | | | |
| 5401 | Electricity | 16,717 | 17,800 | 19,880 | 17,800 |
| 5402 | Rental Equipment | 4,987 | 9,800 | 14,074 | 13,000 |
| 5403 | Landscape - ROW | 107,336 | 181,415 | 122,290 | 141,650 |
| 5404 | CPMD - Water Usage | 37,894 | 37,677 | 35,985 | 36,214 |
| 5405 | Additional Berm Work | - | - | 50,749 | - |
| 5420 STREET MAINTENANCE | | | | | |
| 5421 | Street Sweeping | 60,655 | 88,000 | 88,000 | 88,000 |
| 5422 | Street Repairs | 170,137 | 256,280 | 271,929 | 256,280 |
| 5423 | Street Light Repairs | 37,874 | 40,725 | 40,725 | 40,725 |
| 5440 | Snow Removal | 25,907 | 65,500 | 55,000 | 65,500 |
| 5450 | Storm Drainage | 145,034 | 115,100 | 79,588 | 115,100 |
| 5461 | Non-Capitalized Capital Expenditures (Note 5) | 349,511 | 350,000 | 377,001 | 350,000 |
| 5462 | Happy Canyon Roundabout | 40,688 | - | - | - |
| 5463 | Train Whistle Contribution | - | 300,000 | - | 87,500 |
| 5464 | Cap Replacement - Trees | 20,000 | 20,000 | 28,512 | 20,000 |
| 5465 | Happy Canyon Fencing | - | 75,000 | - | - |
| TOTAL PUBLIC WORKS | | 1,016,739 | 1,557,297 | 1,183,733 | 1,231,769 |
| 7000 CAPITAL OUTLAY (Note 6) | | 105,897 | 433,120 | 282,489 | 376,647 |
| TOTAL CAPITAL EXPENDITURE | | 105,897 | 433,120 | 282,489 | 376,647 |
| EXPENDITURE BEFORE TRANSFER OUT | | 2,392,699 | 3,382,071 | 2,801,141 | 3,009,443 |
| TRANSFER OUT | | | | | |
| 6515 | Transfer out to Enterprise Fund | 362,000 | 361,514 | 361,514 | 358,910 |
| TOTAL EXPENDITURE | | 2,754,699 | 3,743,585 | 3,162,655 | 3,368,353 |
| Excess of Revenue over (under) expenditure | | 1,184,681 | 62,795 | 745,897 | 240,931 |
| ENDING FUND BALANCE | | \$7,408,369 | \$7,428,107 | \$8,154,266 | \$8,395,197 |

See Notes on Pages 11 - 13

12/11/13

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
ENTERPRISE FUND**

FUND NUMBER 60

| | | 2013 | | | |
|------------------------------------|--------------------------------------|------------------|------------------|------------------|------------------|
| | | 2012 | 2013 | Projected | 2014 |
| ACCOUNT | ACCOUNT | | | | |
| NUMBER | DESCRIPTION | Actual | Budget | Actual | Budget |
| BEGINNING FUND BALANCE | | 5,026,459 | \$5,566,021 | 5,584,382 | \$ 6,123,236 |
| REVENUE | | | | | |
| 4210 | Investment Earnings | 15,295 | 12,500 | 11,000 | 9,792 |
| 4211 | Unrealized Gain/Loss | 1,455 | - | - | - |
| 4240 | Accounting Department Fees | 3,825 | 2,000 | 4,250 | 3,000 |
| 4245 | Misc. Income | 6,413 | - | 5,286 | 2,000 |
| 4260 | Sale of Meters | 7,720 | 3,440 | 10,660 | 6,450 |
| 4270 | Late Fee on Water Charges | 22,020 | 20,000 | 23,465 | 21,000 |
| 4280 | CWCB Grant - AMI Project | 57,297 | 58,455 | 58,455 | - |
| 42XX | CWCB Loan - Chatfield Reallocation | - | - | - | 3,776,447 |
| 42XX | Wtr & Power Auth Loan-Wtr Trans Line | - | - | - | 1,800,000 |
| 4341 | Transfer In - General Funds | 362,000 | 361,514 | 361,514 | 358,910 |
| 4360 | Sanctuary Sewer Fees | 7,497 | 7,497 | 5,766 | 5,766 |
| 4411 | Water Service Rev. - Unmetered Sales | 674 | 1,000 | 10,000 | 5,000 |
| 4412 | Water Service Fee/Usage (Note 7) | 1,582,000 | 1,393,805 | 1,393,805 | 1,370,986 |
| 4413 | Water Service Fee/Base Rate (Note 7) | 577,627 | 578,988 | 583,890 | 583,890 |
| 4414 | CPMD - Water Usage | 37,894 | 37,677 | 35,985 | 36,214 |
| 4416 | Village Lakes Water Usage | 116,358 | 99,930 | 99,930 | 102,076 |
| 4417 | Capital Improvement Fee/Wtr Bills | 184,586 | 184,800 | 186,640 | 187,080 |
| 4420 | Administrative Fee PCWA (Note 8) | 23,408 | 23,408 | 23,408 | 21,527 |
| 4430 | Revenue Rebate | - | 7,500 | 6,068 | 5,000 |
| 4460 | Effluent Charges | 305,944 | 271,971 | 201,416 | 250,284 |
| 4500 | Sewer Fee (Note 7) | 827,878 | 829,896 | 837,092 | 837,092 |
| 4510 | Storm Drainage Fee (Note 7) | 140,405 | 140,736 | 141,940 | 141,940 |
| TOTAL REVENUE | | <u>4,280,296</u> | <u>4,035,117</u> | <u>4,000,570</u> | <u>9,524,454</u> |
| TOTAL FUNDS AVAILABLE | | 9,306,755 | 9,601,138 | 9,584,952 | 15,647,690 |
| EXPENDITURE: | | | | | |
| 5000 OPERATING EXPENDITURES | | | | | |
| 5100 PERSONNEL SERVICES | | | | | |
| 5110 | Salaries & Wages (Note 3) | 507,525 | 520,301 | 493,572 | 482,379 |
| 5120 | Mandatory Payroll Obligations | 83,818 | 92,264 | 88,249 | 83,974 |
| 5130 | Health and Disability Ins. | 81,355 | 91,636 | 81,157 | 77,460 |
| 5133 | Vacation Leave Benefit | 3,233 | - | - | - |
| 5150 | Director's Fees | 8,000 | 8,000 | 7,400 | 8,000 |
| TOTAL PERSONNEL SERVICES | | <u>683,931</u> | <u>712,201</u> | <u>670,378</u> | <u>651,813</u> |
| 5160 CONTRACT SERVICES | | | | | |
| 5161 | Legal | 4,001 | 10,000 | 5,000 | 10,000 |
| 5162 | Accounting | 1,825 | 1,500 | 320 | 1,500 |
| 5163 | Auditing | 18,708 | 16,850 | 16,850 | 16,850 |
| 5164 | Engineering | 29,281 | 39,000 | 49,382 | 95,750 |
| 5165 | Other Consulting Services | 24,649 | 51,750 | 35,592 | 43,700 |
| 5167 | PCWA Sewer Fee | 299,586 | 298,880 | 298,880 | 318,840 |
| 5168 | PCWA Effluent Charges | 305,944 | 271,971 | 201,416 | 250,284 |
| 5169 | Lab Testing - Water Quality | 5,404 | 11,500 | 5,000 | 11,500 |
| TOTAL CONTRACT SERVICES | | <u>689,398</u> | <u>701,451</u> | <u>612,440</u> | <u>748,424</u> |

See Notes on Pages 11 - 13

12/11/13

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
ENTERPRISE FUND**

FUND NUMBER 60

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | 2012 Actual | 2013 Budget | 2013 | 2014 Budget |
|------------------------------------|---------------------------------------|------------------|------------------|---------------------|------------------|
| | | | | Projected Actual | |
| 5200 | UTILITIES | | | | |
| 5201 | Telephone | 4,112 | 3,600 | 3,355 | 1,920 |
| 5203 | Natural Gas - WTP2 | 3,953 | 9,000 | 4,277 | 5,500 |
| 5211 | Electricity - All Wells (Note 9) | 362,348 | 389,905 | 342,798 | 374,136 |
| 5212 | Electricity - WTP1 & WTP2 | 55,311 | 63,149 | 59,061 | 62,049 |
| 5213 | Electricity - Toll Lift Station | 504 | 480 | 579 | 579 |
| 5214 | Electricity - Booster Station | 43,263 | 50,085 | 31,791 | 37,504 |
| 5215 | Electricity - Upper & Lower Ponds | 2,378 | 2,097 | 3,033 | 2,833 |
| 5219 | Electricity - VL Irrig Pump (Note 9) | 22,617 | 23,271 | 17,426 | 21,386 |
| | TOTAL UTILITIES | 494,486 | 541,587 | 462,320 | 505,907 |
| 5220 | GENERAL OVERHEAD | | | | |
| 5221 | Office Supplies & Printing | 7,618 | 7,385 | 7,650 | 7,885 |
| 5222 | Membership Fees | 12,530 | 12,965 | 13,070 | 13,447 |
| 5224 | Permit Fees | 1,035 | 1,055 | 1,055 | 1,055 |
| 5225 | Postage, Freight & Delivery | 8,387 | 8,500 | 7,750 | 7,750 |
| 5226 | Training & Tuition | 1,964 | 5,300 | 5,689 | 5,000 |
| 5227 | Travel, Meetings, Meals | 3,665 | 4,200 | 6,316 | 3,000 |
| 5228 | Bad Debt Write-Off | - | 1,000 | - | 1,000 |
| 5230 | Bank Charges/Lock Box | 16,723 | 17,000 | 17,144 | 9,012 |
| 5231 | Software | 12,056 | 10,669 | 12,685 | 7,200 |
| 5232 | Water Conservation Rebates | 24,198 | 34,436 | 18,040 | 23,200 |
| 5233 | Advanced Meter Infrastructure (AMI) | 172,788 | 3,064 | 3,960 | - |
| 5260 | Insurance | 22,359 | 22,793 | 22,524 | 21,048 |
| 5270 | Miscellaneous Expense | - | - | - | - |
| | TOTAL GENERAL OVERHEAD | 283,324 | 128,367 | 115,883 | 99,597 |
| 5300 | REPAIR AND MAINTENANCE | | | | |
| 5301 | Wells - R & M | 89,099 | 58,000 | 47,580 | 43,000 |
| 5302 | Water Treatment Plants - R & M | 79,750 | 80,280 | 79,902 | 90,280 |
| 5303 | Storm Drainage - R & M | 31,592 | 55,000 | 108,459 | 55,000 |
| 5304 | Collection - R & M | 40,606 | 62,029 | 62,500 | 77,500 |
| 5305 | Water Distribution Line | 75,158 | 96,100 | 147,860 | 123,100 |
| 5306 | Service O & M | 26,683 | 12,550 | 20,254 | 29,890 |
| 5307 | Booster Pump Station | 11,392 | 15,000 | 28,284 | 26,000 |
| 5309 | VL Booster Pump Station | 6,958 | 8,000 | 31,195 | 8,000 |
| 5310 | Small Equipment < than \$5K (Note 4) | 6,487 | 14,573 | 13,076 | 7,300 |
| | TOTAL REPAIR & MAINTENANCE | 367,725 | 401,532 | 539,110 | 460,070 |
| TOTAL OPERATING EXPENDITURE | | 2,518,864 | 2,485,138 | 2,400,131 | 2,465,811 |

See Notes on Pages 11 - 13

12/11/13

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
ENTERPRISE FUND**

FUND NUMBER 60

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | 2012 Actual | 2013 Budget | 2013 Projected Actual | 2014 Budget |
|--|-----------------------------------|----------------|----------------|-----------------------------|----------------|
| NON OPERATING EXPENDITURE | | | | | |
| 5401 | Cost of Meters | 4,690 | 3,440 | 3,870 | 6,450 |
| 5402 | Rental Equipment | 1,069 | 2,660 | 6,510 | 7,660 |
| 5403 | Water Resources | 382,009 | 327,080 | 255,409 | 257,272 |
| 5430 | DWRF Loan \$2,000,000 - Principal | 83,886 | 87,061 | 87,061 | 90,356 |
| 5431 | DWRF Loan (May 2006) - Interest | 60,287 | 58,038 | 58,038 | 54,743 |
| 5432 | Paying Agency Fees | 500 | 1,000 | 500 | 1,000 |
| 5433 | DWRF Loan \$250,000 - Principal | 10,205 | 10,591 | 10,591 | 10,992 |
| 5434 | DWRF Loan (Nov 2006) - Interest | 7,665 | 7,392 | 7,392 | 6,991 |
| 5436 | W&S Rev Bond 2003 - Interest | 26,327 | 21,865 | 21,865 | 15,020 |
| 5437 | W&S Rev Bond 2003 - Principal | 175,000 | 185,000 | 185,000 | 190,000 |
| 54XX | CWCB Loan - P&I - Chatfield | - | - | - | 125,664 |
| 54XX | CWPA Loan - P&I - Wtr Trans Line | - | - | - | 54,820 |
| TOTAL NON OPERATING EXPENSES | | 751,638 | 704,127 | 636,236 | 820,988 |
| 7000 CAPITAL OUTLAY (Note 6) | | 444,222 | 1,378,500 | 425,348 | 7,590,435 |
| TOTAL EXPENDITURE | | 3,722,373 | 4,567,765 | 3,461,716 | 10,877,214 |
| Excess of Revenue over (under) expenditure | | 557,923 | (532,648) | 538,854 | (1,352,760) |
| ENDING FUND BALANCE | | \$ 5,584,382 | \$ 5,033,373 | \$ 6,123,236 | \$ 4,770,475 |

See Notes on Pages 11 - 13

12/11/13

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
DEBT SERVICE FUND**

| | | | | ASSESSED VALUATION | |
|--|-----------------------|-------------|-------------|--------------------|-------------|
| | | | | \$ 124,702,921 | 8.400 |
| FUND NUMBER 40 | | | | | |
| ACCOUNT | ACCOUNT | 2012 | 2013 | 2013 | |
| NUMBER | DESCRIPTION | Actual | Budget | Projected | 2014 |
| | | | | Actual | Budget |
| BEGINNING FUND BALANCE | | \$1,992,464 | \$1,525,347 | \$1,529,866 | \$1,040,549 |
| REVENUES: | | | | | |
| 4110 | Property Tax (Note 1) | 1,138,982 | 1,137,785 | 1,137,785 | 1,047,505 |
| 4135 | Abatements (Note 2) | (300) | (34,134) | (17,000) | (20,950) |
| 4210 | Investment Earning | 5,713 | 3,750 | 2,715 | 1,000 |
| TOTAL REVENUE | | 1,144,395 | 1,107,401 | 1,123,500 | 1,027,555 |
| TOTAL FUNDS AVAILABLE | | 3,136,859 | 2,632,748 | 2,653,366 | 2,068,104 |
| EXPENDITURES: | | | | | |
| 6440 | County Collection Fee | 17,143 | 19,067 | 17,067 | 16,712 |
| 7510 | Principal Payment | 1,365,000 | 1,425,000 | 1,425,000 | 1,480,000 |
| 7530 | Bond Interest | 224,850 | 170,250 | 170,250 | 113,250 |
| 7540 | Bond Trustee Fee | - | 1,000 | 500 | 1,000 |
| TOTAL EXPENDITURE | | 1,606,993 | 1,615,317 | 1,612,817 | 1,610,962 |
| Excess of revenue over (under) expenditure | | (462,598) | (507,916) | (489,317) | (583,407) |
| ENDING FUND BALANCE | | \$1,529,866 | \$1,017,430 | \$1,040,549 | \$457,142 |

See Notes on Pages 11 - 13

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
NOTES**

1. The **property tax** is computed based on the mill levy times the current total assessed valuation of \$124,702,921

The **Mill Levy** (a total of 33.834) has been allocated between the Debt Service and General Fund accounts:

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| General Fund | 23.284 | 23.134 | 25.434 | 25.434 | 25.434 |
| Debt Service Fund | 10.550 | 10.700 | 8.400 | 8.400 | 8.400 |
| Assessed Value | 158,752,110 | 161,013,520 | 135,933,040 | 135,450,610 | 124,702,921 |

The total Mill Levy of 33.834 mills has remained the same since 2001.

2. The **abatement line item** is calculated at 2% of the anticipated property tax revenue, and is recorded as a negative revenue due to an anticipated shortfall in the 2014 budget year.

3. Budget Salaries Summary

| | 2013 Budget | 2013 Projected | 2014 Budget |
|-------------------------------|----------------|-------------------|----------------|
| Salaries and Wages | \$1,105,429 | \$1,081,747 | \$1,104,685 |
| Mandatory Payroll Obligations | \$196,306 | \$192,645 | \$190,850 |
| Health & Disability Ins | \$194,752 | \$178,073 | \$176,045 |
| Subtotal | \$1,496,487 | \$1,452,465 | \$1,471,579 |

Salaries Notes:

The 2014 proposed budget for salaries and wages assumes full staff, full year (18 FTEs; 13 seasonals), allows for overtime, allows for earned merit increases, allows for three promotions and two market adjustment within salary range.

The health insurance budget amount for 2014 allows for a full time staff of 18 covered individuals (12 employee only and 6 with dependent coverage) with a 5% increase effective 7/1/14. The disability insurance premium is wage-driven and reflects a 7% premium increase which aligns with the base pay increase allowance.

4. **Small equipment** items costing less than \$5,000 each are presented under Operating Expenditures, in accordance with the GASB 34.
5. The District has adopted the modified approach to report infrastructure in government type activities. Under the modified approach, the expenditures incurred to preserve infrastructure, at or above the governmental designated condition levels, are not capitalized. Therefore, expenditures to improve infrastructures are recorded under the **public works** section of the budget.

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
NOTES**

6. The following is a Schedule of Capital Expenditures

| Description | General | Enterprise | Account # |
|--|----------------|------------------|-----------|
| Traffic Speed Mitigation | 71,800 | - | 10-7762 |
| Capital Contingency | 100,000 | - | 10-7740 |
| GMC Pick Up Truck 3500, with Upfit, Diesel | 47,800 | - | 10-7738 |
| GMC Pick Up Truck 3500, with Upfit | 42,800 | - | 10-7739 |
| Kubota - RTV900 | 16,800 | - | 10-7710 |
| Main Server (Replacement) | 11,547 | - | 10-7727 |
| Kubota Tractor (Replacement) | 52,000 | - | 10-7754 |
| Toro Standing Aerator | 9,000 | - | 10-7759 |
| Scag 48" Standing Mower X2 | 17,000 | - | 10-7750 |
| Bobcat Mini-X Jack Hammer | 7,900 | - | 10-7732 |
| Pump & Motor Contingency | - | 150,000 | 60-7227 |
| 1MG Storage Tank | - | 250,000 | 60-7229 |
| Water Transfer Line | - | 1,550,000 | 60-7291 |
| Chatfield Reservoir Reallocation Project | - | 5,594,735 | 60-7281 |
| Exhaust Fan/Chemical Room | - | 6,200 | 60-7280 |
| Upgrade WTP Controls - WTP2 | - | 39,500 | 60-7257 |
| Total Cap Expenditures | 376,647 | 7,590,435 | |

7. **Water Service Fee/Usage** in Enterprise Fund for the year 2014 is based on the 2013 budgeted gallons and averages from prior years. **Water Service Fee/Base Rate and Sewer & Storm Drainage Fees** are based on number of taps of 1708 as of 10/31/13. Total taps 1708 with no additional taps planned for 2014.

The Water Service Fee is divided into two separate line items:
Base Fee & Usage: Estimated billed gallons have been reduced by 5% overall, to reflect conservation efforts.

Please see 2014 Water Usage Budget for additional line item detail.

| | 2014 | |
|---------------------|--------------------|----------------------------------|
| 1" Meter | Water Rates | |
| Water Base | 28.94 | |
| Sewer Base | 43.41 | |
| Storm Base | 7.23 | |
| Cap Improvement Fee | 10.00 | Monthly assessment per household |
| 1st Tier | 3.29 | |
| 2nd Tier | 5.25 | |
| 3rd Tier | 7.36 | |
| 4th Tier | 9.94 | |

A Capital Improvement Fee was added in 2009, to help offset capital costs. A 3rd & 4th Tier was added in 2009. The new tier structure is intended to accommodate needs of current and future residents of Castle Pines Village and to encourage water conservation. The District will continue to educate its customers on how to more efficiently use water.

The last water rate schedule change was on 1/1/10. At that time, the base charges remaining the same as 2009, the 1st & 2nd tier had a 1% increase, and the 3rd & 4th tier had a 5% increase.

**CASTLE PINES METROPOLITAN DISTRICT
2014 BUDGET
NOTES**

8. Schedule of Salaries, Wages and Related Payment

| | |
|---|-------------|
| Total per budget 2014 (Note 3) | \$1,104,685 |
| Less receipt from PCWA as Administrative Fee in Water Fund (2 yr Contract w/ PCWA; 2014 - 2015) | (21,527) |
| Net Salaries, Wages and Related Payment Cost to CPMD | \$1,083,158 |

9. Electricity

Additional Information on Electrical Expense

The electricity budget in the Enterprise fund for 2014 is \$498,487.

It includes expenses for 9 wells, WTP1 & WTP2 and power to the upper and lower ponds; the VL Pump Station, the Summit area Wastewater Lift Station, 2 Booster Pumps Stations, and the Transfer Pump Station. The TPS expense is metered with the WTP1.

Electricity expense for the Toll Lift Station was added in 2009.

Staff has budgeted a 5% usage increase for calculating electrical expense in 2014.

**CASTLE PINES METROPOLITAN DISTRICT
2014 JUSTIFICATION SUMMARY
FOR REVENUE AND EXPENDITURES**

| 2013 BUDGET | 2013 PROJECTED ACTUAL | 2014 BUDGET | REVENUE | PAGE |
|----------------|-----------------------------|----------------|--------------------------------------|-------|
| \$ 3,806,380 | \$ 3,908,552 | \$ 3,609,283 | GENERAL FUND | 15 |
| \$ 4,035,117 | \$ 4,000,570 | \$ 9,524,454 | ENTERPRISE FUND | 16 |
| \$ 1,107,401 | \$ 1,123,500 | \$ 1,027,555 | DEBT SERVICE FUND | 17 |
| \$ 8,948,898 | \$ 9,032,622 | \$ 14,161,292 | TOTAL REVENUE | |
| EXPENDITURES | | | | |
| \$ 1,391,654 | \$ 1,334,919 | \$ 1,401,027 | TOTAL GENERAL GOVERNMENT | 19-22 |
| \$ 1,557,297 | \$ 1,183,733 | \$ 1,231,769 | TOTAL PUBLIC WORKS | 23 |
| \$ 361,514 | \$ 361,514 | \$ 358,910 | TRANSFER OUT TO ENTERPRISE FUND | 24 |
| \$ 433,120 | \$ 282,489 | \$ 376,647 | TOTAL CAPITAL OUTLAY GENERAL FUND | 24 |
| \$ 2,485,138 | \$ 2,400,131 | \$ 2,465,811 | TOTAL ENTERPRISE FUND O & M | 25-28 |
| \$ 704,127 | \$ 636,236 | \$ 820,968 | TOTAL NON-OPERATING ENTERPRISE FUND | 28-29 |
| \$ 1,378,500 | \$ 425,348 | \$ 7,590,435 | TOTAL CAPITAL OUTLAY ENTERPRISE FUND | 29 |
| \$ 1,615,317 | \$ 1,612,817 | \$ 1,610,962 | TOTAL DEBT SERVICE FUND | 30 |
| \$ 9,926,667 | \$ 8,237,188 | \$ 15,856,529 | TOTAL EXPENDITURES | |
| \$ (977,769) | \$ 795,434 | \$ (1,695,237) | NET | |

10-00

REVENUE

| ACCOUNT | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|---|
| | \$ 3,806,380 | \$ 3,908,552 | \$ 3,609,283 | GENERAL FUND |
| 10-4110 | \$ 3,445,051 | \$ 3,445,051 | \$ 3,171,694 | PROPERTY TAX |
| | | | | 25.434 MILLS X ASSESSED VALUATION OF 124,702,921 ONE MILL GENERATES 124,702 IN PROPERTY TAXES. CALCULATED AT 100% |
| 10-4120 | \$ 345,000 | \$ 381,000 | \$ 359,523 | SPECIFIC OWNERSHIP TAX |
| | | | | BASED ON PROJECTED TAX RECEIVED, AVG. LAST 3 YEARS |
| 10-4130 | \$ 5,500 | \$ 9,849 | \$ 5,500 | PENALTIES & INTEREST ON TAX |
| | | | | BASED ON PROJECTED TAX RECEIVED IN PAST YEARS |
| 10-4135 | \$ (103,351) | \$ (52,000) | \$ (63,434) | ABATEMENTS |
| | | | | 2% ANTICIPATE PROPERTY TAX SHORTFALL |
| 10-4210 | \$ 15,000 | \$ 13,263 | \$ 12,500 | EARNINGS ON DEPOSIT |
| | | | | ASSUMING .10% RETURN ON INVESTMENT WITH COLOTRUST MISC CD'S; EST. AVG FUND BALANCE OF \$7M |
| 10-4240 | \$ 2,000 | \$ 11,009 | \$ 2,000 | MISCELLANEOUS INCOME |
| | | | | SALE OF OLD EQUIPMENT, MISC. COPY FEES |
| 10-4430 | \$ 800 | \$ 2,400 | \$ 1,500 | STREET SWEEPING FEE |
| | | | | FROM BUILDERS FOR NEW HOMES @ \$100/LOT X 15 HOMES FEES CALCULATED FROM # OF SUBMITTED SITE PLANS |
| 10-4440 | \$ 96,380 | \$ 97,980 | \$ 120,000 | CASTLE PINES HOA - LANDSCAPING |
| | | | | FROM CPHA FOR 2014 LANDSCAPE MAINTENANCE CONTRACT CHARGES TO BE BILLED AT \$10,000/MONTH FOR 12 MONTHS |

| 60-00 ACCOUNT | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | REVENUE JUSTIFICATION |
|------------------|--------------------------|---------------------------|--------------------------|---|
| | \$ 4,035,117 | \$ 4,000,570 | \$ 9,524,454 | TOTAL ENTERPRISE FUND |
| 60-4210 | \$ 12,500 | \$ 11,000 | \$ 9,792 | EARNINGS ON DEPOSIT ASSUME .10% RETURN ON INVESTMENT WITH COLOTRUST; MISC CD'S; EST. AVG FUND BALANCE OF \$5M |
| 60-4240 | \$ 2,000 | \$ 4,250 | \$ 3,000 | ACCOUNTING DEPT FEES NON-SUFFICIENT FUNDS/RETURNED CHECKS/NEW ACCT SET UP FEES |
| 60-4245 | \$ - | \$ 5,286 | \$ 2,000 | MISCELLANEOUS INCOME MISC. INCOME RECEIVED |
| 60-4260 | \$ 3,440 | \$ 10,660 | \$ 6,450 | SALE OF METERS WATER METER/MXU FOR 15 NEW HOUSES @ \$430 PER SET |
| 60-4270 | \$ 20,000 | \$ 23,465 | \$ 21,000 | INTEREST AND PENALTY \$15 LATE FEE CHARGES ON WATER AND SEWER BILLS |
| 60-4280 | \$ 58,455 | \$ 58,455 | \$ - | CWCB GRANT - AMI GRANT FUNDED @ 50% OF COST FOR AMI PROJECT |
| 60-4415 | \$ - | \$ - | \$ 3,776,447 | CWCB LOAN - CHATFIELD REALLOCATION LOAN FUNDED @ 75% OF 90% REQUESTED COST FOR CHATFIELD |
| 60-4212 | \$ - | \$ - | \$ 1,800,000 | WATER & POWER AUTHORITY - WATER TRANSFER LINE LOAN FUNDED @ 100% OF COST FOR WATER INFRASTRUCTURE |
| 60-4341 | \$ 361,514 | \$ 361,514 | \$ 358,910 | TRANSFER IN FROM GENERAL FUND OPERATING TRANSFER IN FROM GENERAL FUND |
| 60-4360 | \$ 7,497 | \$ 5,766 | \$ 5,766 | SANCTUARY SEWER FEES ANNUAL SEWER SERVICE FEE FOR SANCTUARY CLUB HOUSE |
| 60-4411 | \$ 1,000 | \$ 10,000 | \$ 5,000 | MISC. WATER SERVICE REVENUE/UNMETERED SALES HYD MTR USE FEE/HYD WATER/TANK FILLS/ETC |
| 60-4412 | \$ 1,393,805 | \$ 1,393,805 | \$ 1,370,986 | WATER SERVICE FEE/ACTUAL USAGE (SEE PG. 12 FOR RATES) WATER CHARGES BILLED TO DISTRICT RESIDENTS BASED ON FOUR TIER RATE; CONSERV. RATE 5%; EST 281,633,000 GALS |
| 60-4413 | \$ 578,988 | \$ 583,890 | \$ 583,890 | WATER SERVICE FEE/BASE FEE BASE RATE CALCD ON EST 1663 TAPS @ \$28.94/MO FLAT FEE (1708 TAPS -45 METRO) |
| 60-4414 | \$ 37,677 | \$ 35,985 | \$ 36,214 | CPMD WATER & STORM BASE ANNUAL WATER USAGE; TRANS FR GEN FUND (45 METERS) 5,066,000 GALS X \$3.29=\$16,683/BASE CHRG WTR & STR \$19,531 |
| 60-4416 | \$ 99,930 | \$ 99,930 | \$ 102,076 | VILLAGE LAKES PUMP HOUSE USAGE PUMP HOUSE USAGE ESTIMATE 24MG; CPHA 2.4MG @3.29/1000 GAL VLHA 21.6MG; BILLED @ CURRENT TIERED WTR RATE; BASE \$289.40/MO |
| 60-4417 | \$ 184,800 | \$ 186,640 | \$ 187,080 | CAPITAL IMPROVEMENT FEE \$10/HOUSEHOLD/PER MONTH/12 MONTHS W/ 1559 BILLING |
| 60-4420 | \$ 23,408 | \$ 23,408 | \$ 21,527 | ADMINISTRATIVE FEE MANAGEMENT FEES FROM PCWA FOR METRO ADMIN STAFF |
| 60-4430 | \$ 7,500 | \$ 6,068 | \$ 5,000 | REVENUE REBATE REBATE RECEIVED FROM IREA |
| 60-4460 | \$ 271,971 | \$ 201,416 | \$ 250,284 | EFFLUENT PUMPING CHARGES CHARGES TO BE REBILLED/RECOVERED FROM GOLF CLUBS AMOUNT EQUAL TO PCWA PROPOSED RATE STRUCTURE |
| 60-4500 | \$ 829,896 | \$ 837,092 | \$ 837,092 | SEWER BASE FEES SEWER FEE BILLED TO DIST RESIDENTS; BASED ON 1589 TAPS AT \$43.41 AVG. (1708 TAPS - 119 IRRIGATION) |
| 60-4510 | \$ 140,736 | \$ 141,940 | \$ 141,940 | STORM DRAINAGE BASE FEES STORM DRAIN FEE BILLED TO DIST RESIDENTS; BASED ON 1607 TAPS @ \$7.23 MO/AVG. (1708 TAPS - 36 SUB ASSOC/65 METRO & MISC) |

40-00

REVENUE

| ACCOUNT | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|--|
| | \$ 1,107,401 | \$ 1,123,500 | \$ 1,027,555 | TOTAL DEBT SERVICE |
| 40-4110 | \$ 1,137,785 | \$ 1,137,785 | \$ 1,047,505 | PROPERTY TAX |
| | | | | 8.400 MILLS X ASSESSED VALUATION OF \$124,702,921 ONE MILL GENERATES \$124,702 IN PROPERTY TAXES. CALCULATED AT 100% |
| 40-4135 | \$ (34,134) | \$ (17,000) | \$ (20,950) | ABATEMENTS |
| | | | | 2% ANTICIPATE PROPERTY TAX SHORTFALL |
| 40-4210 | \$ 3,750 | \$ 2,715 | \$ 1,000 | EARNINGS ON DEPOSIT |
| | | | | ASSUMING .10% RETURN ON INVESTMENT WITH COLOTRUST ESTIMATED AVG FUND BALANCE OF \$1M |

EXPENSE JUSTIFICATION FOR 2014

| 2013 BUDGET | 213 PROJECTED ACTUAL | 2014 BUDGET | | Page |
|------------------------|-------------------------------------|------------------------|--------------------------------------|-------------|
| \$ 1,391,654 | \$ 1,334,919 | \$ 1,401,027 | TOTAL GENERAL GOVERNMENT | 19-22 |
| \$ 1,557,297 | \$ 1,183,733 | \$ 1,231,769 | TOTAL PUBLIC WORKS | 23 |
| \$ 361,514 | \$ 361,514 | \$ 358,910 | TRANSFER OUT | 24 |
| \$ 433,120 | \$ 282,489 | \$ 376,647 | TOTAL CAPITAL OUTLAY GENERAL FUND | 24 |
| \$ 2,485,138 | \$ 2,400,131 | \$ 2,465,811 | TOTAL ENTERPRISE FUND O & M | 25-28 |
| \$ 704,127 | \$ 636,236 | \$ 820,968 | TOTAL NON-OPERATING ENTERPRISE FUND | 28-29 |
| \$ 1,378,500 | \$ 425,348 | \$ 7,590,435 | TOTAL CAPITAL OUTLAY ENTERPRISE FUND | 29 |
| <u>\$ 1,615,317</u> | <u>\$ 1,612,817</u> | <u>\$ 1,610,962</u> | TOTAL DEBT SERVICE FUND | 30 |
| \$ 9,926,667 | \$ 8,237,188 | \$ 15,856,529 | | |

10-00 GENERAL FUND

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|--|
| 10-5100 | \$ 792,286 | \$ 789,487 | \$ 827,766 | TOTAL PERSONNEL SERVICES |
| 10-5111 | \$ 585,128 | \$ 588,175 | \$ 622,306 | SALARIES & WAGES |
| | 585,128 | 588,175 | 622,306 | 56% ALLOCATION OF WAGES FOR EMPLOYEES GROSS SALARIES - INCLUDES 3% SALARY INCREASE ALLOWANCE, 2 MARKET ADJUSTMENTS, 3 PROMOTIONS, FULL STAFF, FULL YR, FIELD OVERTIME ALLOWANCE; 13 SEASONAL EMPLOYEES |
| 10-5120 | \$ 104,042 | \$ 104,396 | \$ 106,876 | MANDATORY PAYROLL OBLIGATIONS |
| 10-5121 | 80,265 | 80,580 | 84,751 | PERA (PAID INSTEAD OF FICA) APPROX. 13.7% |
| 10-5122 | 8,495 | 8,528 | 8,970 | MEDICARE (1.45%) |
| 10-5123 | 13,524 | 13,524 | 11,299 | WORKER'S COMP. (% OF GROSS BASED ON DUTY CODES) |
| 10-5124 | 1,758 | 1,764 | 1,856 | UNEMPLOYMENT (.3%) OF GROSS WAGES |
| 10-5130 | \$ 103,116 | \$ 96,916 | \$ 98,585 | HEALTH & DISABILITY INSURANCE |
| 10-5131 | 97,781 | 91,110 | 91,358 | HEALTH INCLDS FAMILY COVERAGES; 4% INCREASE STARTING JULY 1, 2014 |
| 10-5132 | 5,335 | 5,806 | 7,227 | DISABILITY INSURANCE + 7% |
| 10-5160 | 180,710 | 127,342 | 148,850 | TOTAL CONTRACT SERVICES |
| 10-5161 | \$ 60,000 | \$ 50,673 | \$ 60,000 | LEGAL |
| | 60,000 | 50,673 | 60,000 | GENERAL LEGAL FEES INCLUDING MEETINGS BUDGETS, CONFLICTS, EST. \$5,000/MONTH |
| 10-5162 | \$ 1,500 | \$ 320 | \$ 1,500 | ACCOUNTING |
| | 1,500 | 320 | 1,500 | MISC ACCOUNTING CONSULTATION |
| 10-5163 | \$ 16,850 | \$ 16,850 | \$ 16,850 | AUDITING |
| | 14,000 | 14,000 | 14,000 | YEARLY AUDIT FEES; SEMI-ANNUAL REVIEWS; |
| | 2,850 | 2,850 | 2,850 | PREPARATION OF FINANCIAL STATEMENT |
| 10-5164 | \$ 84,500 | \$ 40,615 | \$ 47,200 | ENGINEERING |
| | 7,000 | 7,000 | 7,000 | MS4 STORM PLAN & COMMUNITY EDUCATION OUTREACH |
| | 15,000 | 5,000 | 25,000 | GENERAL ENGINEERING (OPS) \$5K; TRAFFIC (ENG) \$20K |
| | 8,500 | 5,500 | 15,200 | PAVEMENT MANAGEMENT SYSTEM (PMS)(ENG) |
| | 17,000 | 18,115 | - | ENG ANALYSIS/PERIMETER FENCING - APPROX 11 MILES |
| | 37,000 | 5,000 | - | CONSULT SERVICES ENG SURVEY, DRAINAGE STORM DRAIN MAINT PLAN; FLOOD CERT PLAN (ENG) MOVED TO 60-5164 |
| 10-5165 | \$ 4,080 | \$ 4,250 | \$ 4,250 | DATA PROCESSING & OTHER |
| | 4,080 | 4,250 | 4,250 | W-2's BINDERS, PAYROLL PROCESS \$350/MONTH |
| 10-5166 | \$ 13,780 | \$ 14,634 | \$ 19,050 | CONSULTANT SERVICES OTHER |
| | 4,280 | 4,493 | 4,500 | BLACKBAUD - THE FINANCIAL EDGE GL SOFTWARE SUPPORT @ \$4,500 ANNUAL |
| | - | 2,150 | 2,150 | BLACKBAUD - ONLINE KNOWLEDGEBASE |
| | 4,500 | 4,500 | 4,500 | COMPUTER NETWORK SUPPORT SERVICE; MISC. CONSULT. |
| | 2,000 | 600 | 2,000 | CASH MANAGEMENT CONSULTANT |
| | 1,000 | - | 1,000 | MTN STATES EMPLOY COUNCIL EMP SURVEY/RPT & WAGE ANALYSIS |
| | - | 891 | 900 | ESI - EMPLOYEE ASSISTANCE PRDGRAM (EAP) ANNUAL |
| | - | - | 2,000 | FSA - FLEXIBLE SPENDING ACCOUNT BENEFIT |
| | 2,000 | 2,000 | 2,000 | MTN STATES EMPLOY COUNCIL CONSULT FEE |

10-00 GENERAL FUND

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|---|
| 10-5200 | \$ 40,855 | \$ 40,559 | \$ 42,281 | TOTAL UTILITIES |
| 10-5201 | \$ 15,295 | \$ 15,826 | \$ 16,721 | TELEPHONE/COMMUNICATIONS |
| | 4,920 | 2,820 | 180 | LIBERTY-BELL FIRE/SEC OFFICE/1 LINE/\$15 MO |
| | - | 2,634 | 5,596 | LEVEL 3 - T1 LINE FOR PHONES |
| | 8,000 | 6,940 | 7,500 | 15 CELL PHONES @ AVG. \$600/MO./INC. REPLMNTS |
| | 1,440 | 2,485 | 2,485 | COMCAST INTERNET SERV \$207/MO - INCLD SNOW RADIOS |
| | 300 | 240 | 240 | WEBSITE HOSTING/DOMAIN NAME RE-NEW IN 2017 |
| | 635 | 707 | 720 | ASAP EMERGENCY ANSWERING SERVICE/\$60 MONTH |
| 10-5202 | 11,880 | 11,880 | 11,880 | ELECTRIC - IREA POWER BILLS (INCR 10%) |
| | 11,880 | 11,880 | 11,880 | ADMIN & MAINT BLDG; AVG. \$930/MO |
| 10-5203 | 5,340 | 5,340 | 5,340 | NATURAL GAS - EXCEL ENERGY |
| | 5,340 | 5,340 | 5,340 | ADMIN BLDG. & MAINT BLDG. AVG. \$445/MO |
| 10-5204 | 8,340 | 7,513 | 8,340 | TRASH REMOVAL |
| | 8,340 | 7,513 | 8,340 | WASTE MANAGEMENT, TRASH PICKUP @ \$170/MO/INCLUDES ROLL-OFF AT ADMIN. FACILITY 12 PICK UPS/YR, \$525/MONTH |
| 10-5220 | 161,550 | 160,224 | 171,438 | TOTAL GENERAL OVERHEAD |
| 10-5221 | \$ 17,215 | \$ 16,945 | \$ 17,565 | OFFICE SUPPLIES & PRINTING |
| | 920 | 920 | 920 | COPY PAPER |
| | 1,600 | 1,750 | 1,750 | LASER/INK JET/COLOR TONER CARTRIDGES FOR COPIER |
| | 95 | 95 | 95 | COMPUTER DISKS(\$70) TYPEWRITER RIBBONS(\$25) |
| | 500 | 500 | 500 | LETTERHEAD & 2ND SHEETS |
| | 1,000 | 900 | 500 | ENVELOPES (\$400), LABELS (\$100), BLACK & WHITE ENV |
| | 400 | 280 | 500 | 2,000 AP CHECKS |
| | 4,000 | 4,800 | 4,800 | BINDER CLIPS, ENVELOPES, ADDING TAPE, PAPER CLIPS, PENS, PENCILS, STAPLES, FILE FOLDERS, BINDERS SCOTCH TAPE, RUBBER BANDS, LEAD, DIVIDED FOLDERS, STORAGE BOXES, RULERS, FILM, CARD FILES LEGAL PADS, MESSAGE BOOKS, SCRATCH PADS, VERT. DISK FILE, FILE DRAWER FRAMES, SOFTWARE, PENDAFLEX FOLDERS, CLIP BOARDS, INDEX TABS, MARKERS, BATTERIES, KITCHEN & BATH SUPPLIES |
| | 1,500 | 1,200 | 1,300 | PLOTTER SUPPLIES, ROLLED PAPER & INK CARTRIDGES (ENG) |
| | 4,620 | 4,620 | 4,620 | DATA PRESERVE OFF-SITE DATA STORAGE BU X3 SERVERS/\$385/MO |
| | 1,080 | 1,080 | 1,080 | BOARD MEETING SUPPLIES/\$90 MONTH |
| | 300 | 200 | 300 | BUDGET PREP & REPORTS, FINANCIAL REPORTS, & PICTURE DEVELOPING |
| | 400 | 400 | 400 | BATTERIES |
| | 200 | 200 | 200 | 1 DIGITAL CAMERA/REPLACEMENT |
| | 600 | - | 600 | OFF-SITE PRINTING; COLOR BROCHURES |
| 10-5222 | \$ 2,743 | \$ 2,867 | \$ 2,827 | MEMBERSHIPS FEES |
| | 1,238 | 1,238 | 1,238 | SDA MEMBERSHIP |
| | 325 | 349 | 349 | COLORADO SAFETY COUNCIL |
| | 355 | 250 | 250 | ASCE MEMBERSHIP (ENG) |
| | 125 | 165 | 125 | SAM'S CLUB & COSTCO |
| | 700 | 865 | 865 | MISC. FEES; GFOA FEES \$160 & \$370/SHRM DUES \$165 |
| 10-5223 | \$ 1,000 | \$ 1,113 | \$ 1,000 | SUBSCRIPTIONS, PUBLICATIONS, ADS |
| | 1,000 | 1,113 | 1,000 | AWWA BROCHURES, DENVER POST, DC NEW PRESS, GOVT. FINANCE, MISC. BULLETINS BASED ON '13 EXPENDITURES |
| 10-5224 | \$ 150 | \$ 100 | \$ 150 | PERMITS & FILING CHARGES |
| | 150 | 100 | 150 | EASEMENT RECORDINGS, 5 @ \$30/EA.; FILING CHARGES |
| 10-5225 | \$ 5,500 | \$ 4,674 | \$ 4,200 | POSTAGE, FREIGHT AND DELIVERY SERVICE |
| | 5,500 | 4,674 | 4,200 | POSTAGE FOR GENERAL LETTERS, PACKAGES, UPS FREIGHT CHARGES TO RETURN PARTS SPECIAL MAILINGS - 3 X \$0.46 X 1706+ UNITS/ MAIL DELIVERY, SPECIAL COURIER, BRUSH CLEAN UP; DELIVERY TO ATTORNEY'S & ENGINEERS; FREIGHT |

10-00 GENERAL FUND

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|---|
| 10-5226 | \$ 5,000 | \$ 3,500 | \$ 10,000 | TRAINING & TUITION FEES |
| | 5,000 | 3,500 | 5,000 | 2 CLASSES/PERSON X 16 PEOPLE I.E., PROJECT MGMT., CUSTOMER SERVICE, COMPUTER TRAINING, SAFETY, CLASS B DRIVER'S LICENSE - ANNUAL PHYSICALS |
| | - | - | 3,000 | GFOA CONFERENCE - 2 STAFF |
| | - | - | 2,000 | STAFF TEAM BUILDING |
| 10-5227 | \$ 10,600 | \$ 10,803 | \$ 11,400 | TRAVEL, MEETINGS, MEALS |
| | 8,200 | 8,200 | 8,200 | TRAVEL EXPENSES; SEMINARS, X-MAS, CONFERENCES, MILEAGE, MEALS, LUNCH MEETINGS |
| | 2,400 | 2,603 | 3,200 | SDA CONFERENCE - STAFF & BOARD MEMBERS @ \$800 EA |
| 10-5228 | \$ 8,700 | \$ 9,014 | \$ 8,900 | PUBLIC RELATIONS |
| | 8,700 | 9,014 | 8,900 | PUBLIC RELATIONS EFFORTS, NEWSLETTERS, PR NOTICES PRINTING & POSTAGE/SPLIT W/ CPHOA |
| 10-5229 | \$ 12,000 | \$ 12,248 | \$ 12,000 | COMMUNITY EVENT |
| | 12,000 | 12,248 | 12,000 | CPMD SPONSORED COMMUNITY EVENT |
| 10-5230 | \$ 14,850 | \$ 14,350 | \$ 14,350 | OPERATING SUPPLIES |
| | 10,650 | 10,650 | 10,650 | UNIFORMS - 13 JACKETS @\$120/EA, 130 SHIRTS @ \$30/EA, 65 PAIRS PANTS @ \$50/EA, 13 PAIRS BOOTS @ \$150/EA (\$820 EACH) |
| | 1,000 | 1,000 | 1,000 | SEASONAL LANDSCAPING HATS & SHIRTS W/ EMBROIDERY |
| | 1,000 | 500 | 500 | MISC HATS & SHIRTS, BOARD & ADMIN |
| | 2,200 | 2,200 | 2,200 | MISCELLANEOUS OPERATING SUPPLIES |
| 10-5231 | \$ 9,070 | \$ 11,822 | \$ 13,070 | SOFTWARE |
| | 520 | 520 | 520 | ANTI-SPAM SOFTWARE/SYMANTEC/ANNUAL RENEWAL |
| | 800 | 380 | 800 | NETWORK ANTIVIRUS/20 USERS/3 YR RENEWAL |
| | 450 | 430 | 1,050 | AUTO TURN SIGHT DISTANCE SOFTWARE MAINT/TRAIN (ENG) |
| | 1,350 | 945 | 1,850 | AUTOCAD LICENSE RENEWAL/ANN MAINT/TRAIN (ENG) |
| | 2,500 | 1,200 | 1,200 | ARCGIS SOFTWARE ESRI - ANNUAL MAINT (2 LICENSES) (ENG & OPS) |
| | 2,500 | 2,500 | 2,500 | ARCGIS MODULE - ARCSERVER ONLINE (OPS) |
| | 600 | 540 | 600 | MISC SOFTWARE (GOTOMYPC) X4 |
| | - | 200 | 200 | FIREBOX - ANNUAL SOFTWARE MAINTENANCE |
| | 350 | 168 | 550 | GLOBAL MAPPER INTERFACE FOR ARCVIEW (ENG) |
| | - | 550 | - | PAVER SOFTWARE |
| | - | 589 | - | ADOBE STANDARD SOFTWARE X3 USERS |
| | - | 3,800 | 3,800 | OFFICE 2010 LICENSES (10 - 2013; 10 - 2014) |
| 10-5250 | \$ 51,676 | \$ 51,676 | \$ 47,575 | COUNTY TREASURER COLLECTION FEES |
| | 51,676 | 51,676 | 47,575 | 1.5 % OF PROPERTY TAX COLLECTED |
| 10-5251 | \$ - | \$ - | \$ 7,500 | ELECTIONS |
| | - | - | 7,500 | DIRECTOR ELECTION - MAIL IN BALLOT - ELECTION MAY 2014 |
| 10-5260 | \$ 18,746 | \$ 18,477 | \$ 17,365 | PROPERTY & LIABILITY INSURANCE |
| | 18,746 | 18,477 | 17,365 | 50% OF AUTO COVERAGE & PROPERTY COVERAGES 23 VEHICLES OWNED BY THE DISTRICT, INCLUDES COMP., COLLISION, BODILY INJURY & LIABILITY; AND COVERAGE AT ADMIN/MAINT. BLDGS. CONTENTS, COMPUTERS, VALUABLE PAPERS, 50% OF THE PREMIUM AMOUNT FOR GEN LIABILITY AND E & O COVERAGE; 8% DISCOUNT |
| 10-5270 | \$ 3,000 | \$ 1,000 | \$ 1,900 | MISCELLANEOUS EXPENSE |
| | 1,000 | 1,000 | 1,000 | AWARD PLAQUES, PARKING FEES, MISC. |
| | 2,000 | - | - | RETIREMENT PARTY - MISC |
| | - | - | 900 | DIRECTORS END-OF-TERM GIFTS |
| 10-5280 | \$ 1,300 | \$ 1,636 | \$ 1,636 | EQUIPMENT RENTAL/OFFICE & SHOP |
| | 140 | 476 | 476 | OXYGEN, ACETYLENE & ARGON RENTAL |
| | 1,160 | 1,160 | 1,160 | POSTAGE METER RENTAL - QTRLY/\$290 |

10-00 GENERAL FUND

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|---|
| 10-5300 | \$ 216,253 | \$ 217,308 | \$ 210,692 | TOTAL REPAIR & MAINTENANCE |
| 10-5301 | \$ 2,500 | \$ 2,500 | \$ 2,500 | SUPPLIES & EQUIPMENT/OFFICE |
| | 2,500 | 2,500 | 2,500 | SUPPLIES & PARTS FOR SMALL ITEMS IN OFFICE, COPIER PARTS, PRINTERS/COMPUTER PARTS, REPAIR PARTS, PHONE & VOICE MAIL |
| 10-5303 | \$ 72,398 | \$ 72,534 | \$ 77,368 | VEHICLE FUEL |
| | 34,000 | 28,000 | 32,000 | UNLEADED - 10,000 GAL @ \$3.20/GAL AVG |
| | 36,500 | 42,636 | 43,470 | DIESEL REG 12,600 GAL @ \$3.45/GAL AVG |
| | 1,828 | 1,828 | 1,828 | FUEL ADDITIVE - SCHAEFER |
| | 70 | 70 | 70 | FUEL TANKS - ANNUAL REGISTRATION |
| 10-5305 | \$ 58,520 | \$ 63,564 | \$ 63,520 | SERVICES - VEHICLES |
| | 19,000 | 24,530 | 19,000 | REPAIRS FOR TRUCKS & PLOW SYSTEM |
| | 13,000 | 15,500 | 13,000 | HEAVY EQUIPMENT REPAIR |
| | 9,000 | 7,000 | 9,000 | TIRES FOR TRUCKS & TRACTORS |
| | 2,000 | 1,998 | 2,000 | 2 DRUMS OIL @ \$1,000/EACH |
| | 3,000 | 3,000 | 5,000 | LANDSCAPE MAINT EQUIPMENT SERVICE |
| | 7,520 | 11,536 | 7,520 | CONTINGENCY FOR REPAIRS - ALL VEHICLES |
| | 5,000 | - | 8,000 | BODY WORK - VEHICLES |
| 10-5306 | \$ 29,385 | \$ 28,899 | \$ 33,257 | SERVICE O & M/OFFICE & SHOP |
| | 5,000 | 4,500 | 4,500 | OFFICE CLEANING - ADMIN. FACILITY |
| | 5,200 | 5,200 | 5,200 | MISC. REPAIRS & PARTS, PAINTING, WINDOW CLEANING, RUG CLEANING |
| | 1,035 | 1,035 | 1,035 | BACKFLOW TEST - OFFICE & SHOP/\$75 EA |
| | 300 | 415 | 415 | FIRE EXTINGUISHER TESTING |
| | 2,000 | 3,010 | 2,000 | FIRE SYSTEM TEST & INSPEC/ADMIN BUILDING/SPLIT W/60 |
| | 1,000 | 1,000 | 1,000 | SAND TRAP MAINTENANCE - VAC OUT/SHOP |
| | 6,000 | 3,000 | 6,000 | ADMIN BUILDING MAINTENANCE |
| | 3,000 | 3,000 | 6,000 | SHOP BUILDING MAINTENANCE |
| | - | 2,700 | 1,000 | FUEL TANK STORAGE REPAIR |
| | - | 532 | 600 | OFFICE PEST CONTROL |
| | 850 | 827 | 827 | PLOTTER SERV AGMT |
| | 2,000 | 1,680 | 1,680 | SERVICE & MAINT. AGMT. FOR FAX/PHOTOCOPIER (NEW) |
| | 3,000 | 2,000 | 3,000 | CONTINGENCY FOR INDEPENDENT LABOR SERVICES |
| 10-5310 | \$ 53,450 | \$ 49,811 | \$ 34,047 | SMALL EQUIPMENT < THAN \$5,000 |
| | 3,600 | 6,532 | 6,000 | 6 COMPUTER REPLACEMENTS, WINDOWS 7, W/NETWORKING |
| | 1,500 | 882 | - | 36" AUGER BIT |
| | 600 | 600 | 600 | COMPUTER MONITORS - 2 |
| | 4,950 | 4,999 | 4,500 | SKID STEER ANN REPLACEMENT PROGRAM (OPS) (MOVED FROM CAP) |
| | 3,700 | 1,390 | - | ENGINEER COMPUTER REPLACEMENT |
| | 7,500 | 7,489 | - | SCAG 48" RIDING MOWERS X 2 (REPLACEMENTS) |
| | 3,800 | 3,510 | - | 7' V-PLOW FOR SKID STEER |
| | 2,500 | 2,300 | - | ROCK BED FOR DUMP TRUCK |
| | 3,000 | 3,344 | - | TIRE CHANGER/BALANCER (REPLACED PLATE COMPACTOR) |
| | 3,500 | 2,150 | - | FLAIL MOWER FOR SMALL KUBOTA (NATIVE) |
| | 4,800 | 6,100 | - | HOSPITALITY TENT - CANVAS REPLACEMENT (30X90) |
| | - | 600 | - | FIREWALL - REPLACEMENT W/ ANNUAL MAINT \$200 |
| | - | - | 2,500 | BOBCAT MINI-X (ANN SWAP PROGRAM) |
| | - | - | 2,000 | TRANSMITTERS FOR SPEED DISPLAY SIGNS (ENG) |
| | - | - | 3,000 | SERVER RACK ENCLOSURE (OPS) |
| | - | - | 4,600 | BOBCAT MINI-X PLATE COMPACTOR |
| | - | - | 847 | BOBCAT MINI-X TRENCHING BUCKET |
| | - | - | 5,000 | KITCHEN APPLIANCES (REPLACEMENTS) X4 |
| | 9,000 | 5,800 | - | TURBO KITS FOR RTV KUBOTA X3 |
| | 5,000 | 4,115 | 5,000 | CONTINGENCY FOR MISC SMALL EQUIPMENT |

10-00 GENERAL FUND

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|--|
| 10-5400 | \$ 1,557,297 | \$ 1,183,733 | \$ 1,231,769 | TOTAL PUBLIC WORKS |
| 10-5401 | \$ 17,800 | \$ 19,880 | \$ 17,800 | ELECTRICITY |
| | 17,800 | 19,880 | 17,800 | IREA POWER COST TO RUN IRRIGATION CLOCKS & 120 STREET LIGHTS |
| | \$ 9,800 | \$ 14,074 | \$ 13,000 | RENTAL EQUIPMENT/FIELD |
| | 1,700 | 10,086 | 4,900 | CONTINGENCY FOR RENTAL OF EQUIPMENT THAT DISTRICT DOES NOT OWN |
| | 2,000 | 120 | 2,000 | COMPRESSOR RENTAL/MOVED FROM LANDSCAPE ROW |
| | 600 | 665 | 600 | RENT GPS SURVEY EQUIP/SOFTWARE (SPLIT W/ 60 FUND) |
| | 5,500 | 3,203 | 5,500 | MULCHER FOR SPRING CLEAN UP/DEL CHARGE |
| 10-5403 | \$ 181,415 | \$ 122,290 | \$ 141,650 | LANDSCAPE ROW |
| | 30,500 | 30,500 | 30,500 | SUPPLIES, IRRIGATION PARTS, SOD, COBBLE, SHRUBS, BARK MULCH, CHEMICAL FERTILIZER, |
| | 2,000 | 2,000 | 2,000 | LANDSCAPE EQUIPMENT MAINT SUPPLIES |
| | 12,000 | 12,000 | 12,000 | WEED/PEST CONTROL, INCLUDES CONTRACT |
| | 20,000 | 20,000 | 20,000 | BEEBLE SPRAY FOR 1,100 TREES, TWICE YEARLY |
| | 31,200 | 31,200 | 40,000 | MOW ROW & OPEN SPACE X1 @\$20K, 2 ROW MOWS @\$10K |
| | 3,000 | 3,000 | 3,000 | MISC CONTRACT WORK |
| | 2,475 | 2,475 | 3,200 | CROSS CONTROL DEVICE TESTING \$70 EA X 45 METRO METERS |
| | 2,600 | 3,130 | 3,150 | ANNUAL PLANT REPLACE & MULCH/LONE TREE ISLAND |
| | 55,000 | - | - | REIMBURSE CPHA - TRAIL MAINTENANCE AGREEMENT (6 MO) |
| | 20,000 | 15,185 | - | OFFICE GARDEN REFURBISH XERISCAPE |
| | - | - | 15,000 | ENTRY SIGN REPLACEMENT & LANDSCAPING - OFFICE |
| | - | - | 10,000 | FORESTRY - DEAD TREE REMOVAL & TREE TRIM/MOVED FR STREETS |
| | 2,640 | 2,800 | 2,800 | MAINTENANCE - OFFICE GARDEN & LONE TREE ISLAND |
| 10-5404 | \$ 37,677 | \$ 35,985 | \$ 36,214 | CPMD WATER USAGE & STORM BASE |
| | 37,677 | 35,985 | 36,214 | ANNUAL WATER USAGE; TRANSFER TO ENTERPRISE FUND 5,066,000 GALLONS X \$3.29/BASE CHRGR WATER 45 METERS X 28.94 X 12 BASE CHRGR STORM 45 X 7.23 X 12 |
| 10-5405 | \$ - | \$ 50,749 | \$ - | ADDITION - STREETS |
| | - | 50,749 | - | ADDITIONAL BERM WORK |
| 10-5421 | \$ 88,000 | \$ 88,000 | \$ 88,000 | STREET SWEEPING |
| | 88,000 | 88,000 | 88,000 | STREET SWEEPING CHARGES, DISPOSAL FEES, AS REQUIRED |
| 10-5422 | \$ 256,280 | \$ 271,929 | \$ 256,280 | STREET REPAIRS |
| | 11,180 | 8,863 | 11,180 | SIGN REPLACEMENT, STREET NAME, SIGN POSTS, ETC., 26 SIGNS @ \$430/EA. R & M (OPS) |
| | 20,000 | 16,612 | 20,000 | METAL STREET SIGNS - REPLACEMENTS (MULTI YR PROJ) |
| | 2,500 | 161 | 2,500 | GUARD RAIL REPAIR (OPS) |
| | 35,000 | 18,711 | 35,000 | CRACK SEALING/MICRO SEAL (ENG) |
| | 21,100 | 53,271 | 21,100 | MISC. PATCHING, \$75/PATCH X 280 PATCHES (OPS) |
| | 35,000 | 35,000 | 29,500 | MISC. PATCHING LONGITUDINAL CRACKS/SOUTH SIDE (ENG) |
| | 29,000 | 36,811 | 6,000 | RD SHOULDER MAINT WORK/EDGE OF RD (MOVE TO FORESTRY) (OPS) |
| | - | - | 28,500 | EXISTING CURB & GUTTER R&R - 500 LF |
| | 75,000 | 75,000 | 75,000 | ROAD SHOULDER WORK (OP) |
| | 27,500 | 27,500 | 27,500 | LINE PAINTING/ANNUALLY (OPS)(ENG) |
| 10-5423 | \$ 40,725 | \$ 40,725 | \$ 40,725 | STREET LIGHT REPAIRS |
| | 18,500 | 23,600 | 18,500 | REPAIRS TO STREET LIGHTS, BALLAST/LIGHTNING STRIKES, ETC |
| | 7,750 | 7,750 | 7,750 | LIGHT FIXTURES 25 X \$310 |
| | 5,100 | - | 5,100 | COPPER HOODS, \$740/EACH X 7 |
| | 9,375 | 9,375 | 9,375 | POWDER COAT ST LIGHTS/5 YR PROJECT/25 X \$375/EA |
| 10-5440 | \$ 65,500 | \$ 55,000 | \$ 65,500 | SNOW REMOVAL |
| | 46,000 | 36,000 | 46,000 | SALTED SAND, APPROX. 1500 TONS @ \$30/TON DEL/88 LANE MILES |
| | 4,000 | 7,696 | 4,000 | REPAIR PLOW SYSTEMS |
| | 3,500 | 11,304 | 3,500 | CUTTING EDGES FOR PLOWS, TOUCH UP PAINT, HOSES, SANDER, PARTS, ETC. |
| | 12,000 | 0 | 12,000 | SNOW REMOVAL CONTRACT SERVICES/EQUIPMENT |
| 10-5450 | \$ 115,100 | \$ 79,588 | \$ 115,100 | STORM DRAINAGE/MAINTENANCE/ROW |
| | 100,000 | 76,588 | 100,000 | REPAIRS IN DRAINAGE SWALES/ROADSIDE DITCHES, EROSION CONTROL FABRIC, TOP SOIL/CONTRACT SERVICES |
| | 3,000 | 3,000 | 3,000 | SEED FOR BARE SLOPES IN ROW AREAS - SPLIT W/ 60 (ENG) |
| | 12,100 | - | 12,100 | CONTINGENCY FOR APPROX. 110 HRS. @ \$110/HR. FOR SEWER JET TRUCK TO CLEAN CULVERTS/MS4 PERMIT, NEW REQUIREMENT |
| | - | - | - | CONTRACT SERVICES TO RPR STRM DRAIN SYS/MOVED UP |

10-00 GENERAL FUND

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|--|
| 10-5460 | \$ 745,000 | \$ 405,513 | \$ 457,500 | NON CAPITALIZED CAPITAL EXPENDITURES |
| 10-5461 | 350,000 | 377,001 | 350,000 | STREET IMPROVEMENT OVERLAY PER PMS; |
| 10-5463 | 300,000 | - | 87,500 | TRAIN WHISTLE CONTRIB - 1/2 SHARE OF VILLAGE COST \$175K |
| 10-5465 | 75,000 | - | - | HAPPY CANYON FENCING 8X8 POSTS |
| 10-5464 | 20,000 | 28,512 | 20,000 | TREES FOR ROW AREAS INSTALLEO/SCREENING |
| 10-6000 | \$ 361,514 | \$ 361,514 | \$ 358,910 | TRANSFER OUT TO ENTERPRISE FUND |
| 6515 | 361,514 | 361,514 | 358,910 | UP TO 10% OF TOTAL ENTERPRISE FUND REV. MINUS SYSTEM DEVELOPMENT FEES & LOANS |
| 10-7000 | \$ 433,120 | \$ 282,489 | \$ 376,647 | CAPITAL OUTLAY GENERAL FUND |
| 10-7761 | 7,000 | 4,678 | - | GENERAL LEDGER/AP SOFTWARE - BLACKBAUD (ACCT) |
| 10-7762 | 71,800 | 98,331 | 71,800 | TRAFFIC SPEED MITIGATION AND PRELIM ENG SPEED TABLE REPLACE; REALIGN PROSPECT & MIRAGE |
| 10-7740 | 175,000 | - | 100,000 | CAPITAL CONTINGENCY |
| 10-7726 | 12,220 | 12,220 | - | COPIER MACHINE, FAX, SCANNER (REPLACEMENT) |
| 10-7211 | 26,000 | 28,639 | - | REPLACEMENT PHONE SYSTEM - ADMIN, SHOP, WTP |
| 10-7724 | 7,000 | 8,304 | - | FERTILIZER (TOP DRESSER) SPREADER EQUIPMENT |
| 10-7725 | 39,500 | 39,635 | - | BOBCAT MINI-X (REPLACEMENT) (ANN SWAP PROGRAM) |
| 10-7738 | 39,800 | 39,838 | 47,800 | GMC PICK-UP TRUCK 3500 #1 (REPLACES 2004 F-350TRUCK) \$40K AND UPFIT FOR #1 GMC PICK-UP TRUCK; PLOWS, STOBELIGHTS, BED LINERS, TOOL BOX (\$7,800) DIESEL |
| 10-7739 | 39,800 | 38,200 | 42,800 | GMC PICK-UP TRUCK 2500 #2 (REPLACES 2007 F-250 TRUCK) \$35K AND UPFIT FOR #2 GMC PICK-UP TRUCK; PLOWS, STOBELIGHTS, BED LINERS, TOOL BOX (\$7,800) |
| 10-7710 | 15,000 | 12,644 | 16,800 | KUBOTA - RTV900 (REPLACEMENT) |
| 10-7727 | - | - | 11,547 | MAIN SERVER REPLACEMENT, WINDOWS SERVER 2012, W/SOFTWARE |
| 10-7754 | - | - | 52,000 | KUBOTA TRACTOR - REPLACEMENT |
| 10-7759 | - | - | 9,000 | TORO STANDING AERATOR |
| 10-7750 | - | - | 17,000 | SCAG 48" STANDING MOWER X 2 (8,500 EA) |
| 10-7732 | - | - | 7,900 | BOBCAT MINI-X JACK HAMMER |

60 ENTERPRISE

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|---|
| 60-5100 | \$ 712,201 | \$ 670,378 | \$ 651,813 | TOTAL PERSONNEL SERVICES |
| 60-5111 | \$ 520,301 | \$ 493,572 | \$ 482,379 | SALARIES & WAGES |
| | 520,301 | 493,572 | 482,379 | 44% ALLOCATION OF WAGES FOR EMPLOYEES GROSS SALARIES - INCLUDES 3% SALARY INCREASE ALLOWANCE, FULL STAFF, FULL YR, FIELD OVERTIME ALLOWANCE. |
| 60-5120 | \$ 92,264 | \$ 88,249 | \$ 83,974 | MANDATORY PAYROLL OBLIGATIONS |
| 60-5121 | 71,179 | 67,619 | 66,590 | PERA (PAID INSTEAD OF FICA) APPROX. 13.7% |
| 60-5122 | 7,533 | 7,156 | 7,048 | MEDICARE (1.45%) |
| 60-5123 | 11,993 | 11,993 | 8,877 | WORKER'S COMP. (% OF GROSS BASED ON DUTY CODES) |
| 60-5124 | 1,559 | 1,481 | 1,459 | UNEMPLOYMENT (.3%) OF GROSS WAGES |
| 60-5130 | \$ 91,636 | \$ 81,157 | \$ 77,460 | HEALTH & DISABILITY INSURANCE |
| 60-5131 | 86,711 | 75,614 | 71,781 | EMPLOYEE HEALTH CARE COVERAGE +5% @ 7/1/14 |
| 60-5132 | 4,925 | 5,543 | 5,679 | DISABILITY INSURANCE +7% |
| 60-5150 | \$ 8,000 | \$ 7,400 | \$ 8,000 | DIRECTOR'S FEES |
| | 8,000 | 7,400 | 8,000 | MAX. AMT. PER STATUTE IS \$1,600/DIRECTOR/YEAR |
| 60-5160 | \$ 701,451 | \$ 612,440 | \$ 748,424 | TOTAL CONTRACT SERVICES |
| 60-5161 | \$ 10,000 | \$ 5,000 | \$ 10,000 | LEGAL |
| | 10,000 | 5,000 | 10,000 | MISC LEGAL FEES FOR MATTERS IN THE 60 FUND NOT RELATED TO WATER RESOURCES |
| 60-5162 | \$ 1,500 | \$ 320 | \$ 1,500 | ACCOUNTING |
| | 1,500 | 320 | 1,500 | MISC ACCOUNTING CONSULTATION |
| 60-5163 | \$ 16,850 | \$ 16,850 | \$ 16,850 | AUDITING |
| | 14,000 | 14,000 | 14,000 | YEARLY AUDIT FEES; SEMI-ANNUAL REVIEWS; |
| | 2,850 | 2,850 | 2,850 | PREPARATION OF FINANCIAL STATEMENT |
| 60-5164 | \$ 39,000 | \$ 49,382 | \$ 95,750 | ENGINEERING |
| | 10,000 | 26,357 | 10,000 | MISC REVIEW OF WATER, SEWER & STORM |
| | 5,000 | 9,025 | 5,000 | ENGINEERING REVIEW OF EMERGENCY DRAINAGE REPR |
| | 14,000 | 14,000 | - | ASSET MANAGEMENT MODEL - WTR DISTRIBUTION |
| | - | - | 32,000 | CONSULT SERVICES ENG SURVEY, DRAINAGE |
| | - | - | - | STORM DRAIN MAINT PLAN; FLOOD CERT PLAN (ENG) |
| | - | - | - | MOVED FROM 10-5164 |
| | - | - | 11,250 | SOFTWARE UTILITY (BUILD) - POWER MANAGEMENT (OPS) |
| | - | - | 12,500 | AUTOCAD DRAWING - WTP2 (OPS) |
| | - | - | 15,000 | WELL POWER STUDY (OPS) |
| | 10,000 | - | 10,000 | ENGINEERING FOR WELLS O&M PROCEDURES (OPS) |
| 60-5165 | \$ 51,750 | \$ 35,592 | \$ 43,700 | DATA PROCESS/OTHER CONSULTANT SERVICES |
| | 4,200 | 7,125 | 8,220 | DATAWEST & WEBSHARE ANNUAL SUPPORT |
| | 6,000 | 6,000 | 6,000 | NETWORK SUPPORT SERVICE; MISC. CONSULT. |
| | 7,200 | - | - | CREDIT CARD BILL PAY |
| | 5,500 | 500 | - | UPDATE AS-BUILTS - SEWER COLLECTION LINE (OPS) |
| | 5,500 | 5,500 | 5,500 | UPDATE AS-BUILTS - WATER DISTRIBUTION LINE (OPS) |
| | 10,000 | 1,580 | 10,000 | GIS/ARCVIEW CONSULTANT SERVICES/MOVED FR 60-5164 |
| | - | 1,867 | 960 | NETWORK SUPPORT - CHECK SCANNER - ANNUAL |
| | 150 | 150 | 150 | LONG DISTANCE CALL SUPPORT |
| | 13,200 | 12,870 | 12,870 | SENSUS METER READ DEVICE - ANNUAL MAINT. W/ AMI |
| 60-5167 | \$ 298,880 | \$ 298,880 | \$ 318,840 | PCWA SEWER FEE |
| | 298,880 | 298,880 | 318,840 | FEE PROVIDED BY PCWA FROM MOST RECENT PROPOSED RATE STRUCTURE - 2 YEAR AVG, 127.1MG |
| 60-5168 | \$ 271,971 | \$ 201,416 | \$ 250,284 | PCWA EFFLUENT CHARGES |
| | 271,971 | 201,416 | 250,284 | FEE PROVIDED BY PCWA; RATE STRUCTURE CHANGE, REBILL COUNTRY CLUB & INTERNATIONAL GOLF CLUB |

60 ENTERPRISE

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|--|
| 60-5169 | \$ 11,500 | \$ 5,000 | \$ 11,500 | LAB TESTING - WATER QUALITY |
| | 11,500 | 5,000 | 11,500 | CDPHE REQUIRED TESTING; IRON BACTERIA TESTING WELLS |
| 60-5200 | \$ 541,587 | \$ 462,320 | \$ 505,907 | TOTAL UTILITIES |
| 60-5201 | \$ 3,600 | \$ 3,355 | \$ 1,920 | TELEPHONE |
| | 3,600 | 3,355 | 1,920 | LIBERTY-BELL PHONE SERVICE FOR WTP2, ALARMS TIED INTO PHONE SYSTEM @ \$98/MO; SCADA CARD \$60/MO |
| 60-5203 | \$ 9,000 | \$ 4,277 | \$ 5,500 | NATURAL GAS - WTP2 |
| | 9,000 | 4,277 | 5,500 | NATURAL GAS WATER PLANT (AVG \$300/MONTH) |
| 60-521X | \$ 528,987 | \$ 454,688 | \$ 498,487 | ELECTRICITY/3 YR AVG/NO RATE CHANGE |
| 60-5211 | 389,905 | 342,798 | 374,136 | ALL WELLS |
| 60-5212 | 63,149 | 59,061 | 62,049 | WTP1, WTP2, TRANSFER PUMP STATION |
| 60-5213 | 480 | 579 | 579 | LIFT STATION - TOLL AREA/\$48/MONTH |
| 60-5214 | 50,085 | 31,791 | 37,504 | POWER COST FOR BPS1 & BPS2 |
| 60-5215 | 2,097 | 3,033 | 2,833 | POWER TO OPERATE UPPER & LOWER PONDS |
| 60-5219 | 23,271 | 17,426 | 21,386 | POWER - VILLAGE LAKE IRRIGATION BPS |
| 60-5220 | \$ 128,367 | \$ 115,883 | \$ 99,597 | TOTAL GENERAL OVERHEAD |
| 60-5221 | \$ 7,385 | \$ 7,650 | \$ 7,885 | OFFICE SUPPLIES & PRINTING |
| | 400 | 400 | 400 | COPY PAPER |
| | 650 | 650 | 650 | LASER/INK JET/COLOR TONER CARTRIDGES |
| | 100 | 100 | 100 | COMPUTER DISKS |
| | 300 | 300 | 500 | LETTERHEAD & 2ND SHEETS |
| | 1,500 | 1,600 | 1,800 | 37,500 ENVELOPES - MAILING & INSERT W/STATEMENTS |
| | 80 | 80 | 80 | LABELS FOR CUSTOMER MAILINGS |
| | 2,400 | 2,225 | 2,200 | BINDER CLIPS, ENVELOPES, ADDING TAPE, PAPER CLIPS, PENS, PENCILS, STAPLES, FILE FOLDERS, SCOTCH TAPE, RUBBER BANDS, LEAD, DIVIDED FOLDERS, STORAGE BOXES, CLIPS, RULERS, FILM LEGAL PADS, MESSAGE BOOKS, SCRATCH PADS, VERTICAL DISK FILE, FILE DRAWER FRAMES, SOFT- WARE, WORK ORDER BOOKS, CARD FILES, BINDERS PENDAFLEX FOLDERS, CLIP BOARDS, INDEX TABS, MARKERS, BATTERIES, KITCHEN & BATH SUPPLIES |
| | 180 | 180 | 180 | BATTERIES FOR LAPTOPS X2 |
| | 600 | 600 | 600 | SMALL EQUIPMENT ITEMS |
| | 275 | 275 | 275 | BUDGET PREP & FINANCIAL REPORTS |
| | 900 | 1,240 | 1,100 | STATEMENT FORMS FOR WATER & SEWER BILLING |
| 60-5222 | \$ 12,965 | \$ 13,070 | \$ 13,447 | MEMBERSHIP FEES |
| | 300 | 300 | 300 | COLORADO RURAL WATER ASSOCIATION |
| | 90 | - | - | COLORADO DEPARTMENT OF AGRICULTURE |
| | 50 | 50 | 50 | COLORADO FOUNDATION FOR WTR EDUCATION |
| | 190 | 215 | - | IRRIGATION ASSOCIATION MEMBERSHIP DUES |
| | 85 | 85 | 85 | AWWA MEMBERSHIP DUES |
| | - | 325 | 325 | CO WATERWISE MEMBERSHIP DUES (WC) |
| | 250 | 250 | 250 | COLORADO STORM WATER COUNCIL (ENG) |
| | 12,000 | 11,845 | 12,437 | CHATFIELD WATER SHED MEMBERSHIP |

60 ENTERPRISE

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|---|
| 60-5224 | \$ 1,055 | \$ 1,055 | \$ 1,055 | PERMIT FEES |
| | 375 | 375 | 375 | STORM WATER DISCHARGE PERMIT (ENG) |
| | 680 | 680 | 680 | ANNUAL WATER SYSTEM FEE (OPS) |
| 60-5225 | \$ 8,500 | \$ 7,750 | \$ 7,750 | POSTAGE, FREIGHT & DELIVERY SERVICE |
| | 8,500 | 7,750 | 7,750 | MAILING WATER & SEWER BILLS; WTR CONSERV MAILER 20K MAILINGS X .46 EACH, PLUS 3 MISC. MAILINGS |
| 60-5226 | \$ 5,300 | \$ 5,689 | \$ 5,000 | TRAINING & TUITION FEES |
| | 3,000 | 3,000 | 3,000 | WATER TREATMENT CERTIFICATIONS/DISTRIBUTION/ COLLECT/BACKFLOW CERTS/ADD TRAIN REQ BY STATE |
| | - | - | 2,000 | SCADA TRAINING - WTP OPERATOR |
| | 2,300 | 2,689 | - | DATAWEST BILLING SOFTWARE USER CONFERENCE X 2 |
| 60-5227 | \$ 4,200 | \$ 6,316 | \$ 3,000 | TRAVEL, MEETINGS, MEALS |
| | 1,000 | 3,103 | 1,000 | TRAVEL/LODGING ASSOCIATED WITH STAFF CERTIFICATION |
| | 2,000 | 2,100 | 2,000 | TRAVEL ASSOCIATED WITH WTR RESOURCES |
| | 1,200 | 1,113 | - | CHATFIELD REALLOCATION COALITION (DC) TRAVEL |
| 60-5228 | \$ 1,000 | \$ - | \$ 1,000 | BAD DEBT WRITE-OFF |
| | 1,000 | - | 1,000 | WRITE-OFF UNCOLLECTED DEBT/CYCLE 1 & 2 BILLINGS |
| 60-5230 | \$ 17,000 | \$ 17,144 | \$ 9,012 | BANK CHARGES/LOCK BOX |
| | 17,000 | 17,144 | 9,012 | LOCK BOX CHARGES; ACH CHARGES /AVG \$751 MONTH |
| 60-5231 | \$ 10,669 | \$ 12,685 | \$ 7,200 | SOFTWARE |
| | 4,600 | 1,880 | 2,000 | CARTE GRAPH - ANNUAL SUPPORT/RENEWAL (OPS) |
| | 4,869 | 3,660 | 4,000 | SCADA SOFTWARE/ANNUAL SUPPORT |
| | - | 4,800 | - | CHECK SCANNER & JOGGER; BILLING SOFTWARE |
| | - | 1,145 | - | SQL SERVER UPGRADE FOR GL SOFTWARE |
| | 1,200 | 1,200 | 1,200 | INNOVYZE SOFTWARE - ANN RENEWAL (OP) |
| 60-5232 | \$ 34,436 | \$ 18,040 | \$ 23,200 | WATER CONSERVATION |
| | 4,100 | 800 | 800 | PERFORMANCE-BASED REBATE PROGRAM - 7 PARTICIPANTS |
| | 6,000 | 1,000 | 1,000 | MAPPING IRRIGATION AREA |
| | 12,000 | 6,000 | 12,000 | AQUA HAWK ALERTING - ALDIE PROGRAM (ONLINE PROG) |
| | 1,000 | 1,000 | - | REBATE - ANALYSIS/PROGRAM EVALUATION |
| | 3,900 | 1,500 | 1,000 | WTR CONSERV EDU EVENTS, CPV, SUBS, BILL INSERTS, SPRING FLING |
| | - | - | 5,250 | ET CONTROLLER REBATES; 50% OF COST |
| | - | 2,000 | 2,000 | IRRIGATION AUDITS |
| | 550 | 790 | 700 | LEAK DETECTION KITS |
| | 4,500 | 4,500 | - | PROGRAM EVALS - UNACCOUNT WATER LOSS STUDY(CONSULTANT) |
| | 450 | 450 | 450 | TURFGRASS DEMONSTRATION SEED - SERENITY GARDEN |
| | 500 | - | - | WATER CONSERVATION EDU BROCHURE |
| | 395 | - | - | AMERICAN WATER WORKS ASSOC ANNUAL CONFERENCE |
| | 1,041 | - | - | WATER SMART INNOVATION CONFERENCE |
| 60-5233 | \$ 3,064 | \$ 3,960 | \$ - | ADVANCED METER INFRASTRUCTURE (AMT) |
| | 3,064 | 3,960 | - | GRANT CWCB - 50% OF PROJ; MXU DEVICES, ETC, INSTALL |
| 60-5260 | \$ 22,793 | \$ 22,524 | \$ 21,048 | INSURANCE/PROPERTY & LIABILITY INSURANCE |
| | 22,793 | 22,524 | 21,048 | 50% OF PROPERTY, AUTO, MOBILE EQUIP & COMPUTER COV; 50% OF LIABILITY COV; 100% OF BOILER & MACHINERY; COVERAGE - WTP'S & WELLS; 8% DISCOUNT |
| 60-5300 | \$ 401,532 | \$ 539,110 | \$ 460,070 | TOTAL REPAIRS & MAINTENANCE |
| 60-5301 | \$ 58,000 | \$ 47,580 | \$ 43,000 | WELLS - R & M |
| | 13,000 | 7,000 | 13,000 | CONTINGENCY FUSES, LIGHT BULBS, FAN, ETC, FOR WELLS |
| | 30,000 | 18,000 | 30,000 | CONTINGENCY REPAIRS AND SERVICES FOR WELLS, LIGHTNING STRIKES & INSURANCE DEDUCT. |
| | 15,000 | 22,580 | - | WELL A4R LEVEL TRANSDUCER CONDUIT |
| 60-5302 | \$ 80,280 | \$ 79,902 | \$ 90,280 | WATER TREATMENT PLANT - R & M |
| | 59,250 | 39,332 | 46,610 | REPAIRS FOR WATER PLANT, ELECTRICAL WORK, MOTOR REBUILDING, VALVE WORK, ETC., EMER CONTING |
| | 330 | 330 | 330 | CROSS CONTROL TEST DEVICE/6 X \$55/EA |
| | 5,000 | 4,100 | 5,000 | FILTER CLEANING WTP1 & WTP2/SEMI-ANNUAL |
| | - | 22,640 | 22,640 | PREVENTATIVE QTRLY MAINTENANCE - WTP'S |
| | 15,700 | 13,500 | 15,700 | SODIUM HYPO CHLORITE (10%) TO DISINFECT WATER BEFORE IT IS SENT TO SYSTEM |
| 60-5303 | \$ 55,000 | \$ 108,459 | \$ 55,000 | STORM DRAINAGE - R & M / DETENTION PONDS |
| | 3,500 | 3,500 | 3,500 | CONTINGENCY FOR MISC. REPAIRS, FILTERS, SYSTEM IN UPPER/LOWER PONDS & CHEMS TO CONTROL ALGAE IN UPPER/LOWER PONDS |
| | - | 29,500 | - | BYPASS PIPE - NUISANCE FLOWS - CPDS |
| | 1,500 | - | 1,500 | SEED FOR BARE SLOPES IN ROW AREAS - SPLIT W/ 10 (ENG)(BEAU) |
| | 50,000 | 75,459 | 50,000 | STORM DRAINAGE MAINTENANCE/ MS4/DETENTION PONDS (ENG) |

12/11/13

60 ENTERPRISE

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|---|
| 60-5304 | \$ 62,029 | \$ 62,500 | \$ 77,500 | SEWER COLLECTION - R & M (5 YR ROTATION) |
| | 7,500 | 7,500 | 7,500 | CONTINGENCY EMERGENCY RESPONSE |
| | 24,529 | - | 15,000 | CONTINGENCY FOR JET CLEANING OF SEWER LINES APPROX. 33,000 FT. OF CLEANING @ .45/FT. |
| | 30,000 | 55,000 | 55,000 | VIDEO INSPECT. 55,000 OF SEWER LINES @ 1.00/FT |
| 60-5305 | \$ 96,100 | \$ 147,860 | \$ 123,100 | WATER DISTRIBUTION LINE - R & M |
| | 12,600 | 15,664 | 12,600 | CONTINGENCY FOR WATER LINE REPAIR PARTS, CURB STOPS, CORP. STOPS, COUPLINGS PIPE, FIRE HYD REPAIRS |
| | - | 25,287 | - | WATER STORAGE TANK REPAIR |
| | 2,000 | 2,000 | 2,000 | CONTINGENCY FOR VALVE BOX PARTS, 20 @ \$100/EA. |
| | - | 26,409 | 27,000 | CONTINGENCY ASPHALT REPAIRS DUE TO WATER LINE ISSUES |
| | 6,500 | 6,500 | 6,500 | CONTINGENCY FOR PRV REPAIR PTS. BASED ON PAST INV. |
| | 75,000 | 72,000 | 75,000 | CONTINGENCY REPAIR OF 30 LEAKS @ \$2,500/EA |
| 60-5306 | \$ 12,550 | \$ 20,254 | \$ 29,890 | SERVICE O & M/METERS |
| | 7,200 | 14,838 | 24,250 | WIRE, METERS & REMOTE SUPPLIES FOR REPAIRS \$5K; 100 REPLACEMENT METERS WITH REMOTES @ \$195 |
| | 500 | 638 | 600 | BACKFLOW TESTING/\$75 EA X 6 |
| | 300 | 415 | 415 | FIRE EXTINGUISHER TESTING |
| | 1,500 | 1,563 | 1,575 | UNCC UTILITY NOTIFICATIONS/ANNUAL |
| | 1,250 | 1,000 | 1,250 | FIRE SYSTEM TEST & INSPEC DIST BUILD; SERV CALLS/SPLIT W/10 |
| | 1,800 | 1,800 | 1,800 | CLEANING AT WTP2 @ \$150/MONTH |
| 60-5307 | \$ 15,000 | \$ 28,284 | \$ 26,000 | BOOSTER PUMP STATIONS - R & M |
| | 6,000 | 6,000 | 6,000 | GENERAL MAINTENANCE |
| | - | - | 4,000 | 1 WATER METER @ BPS#1 |
| | - | - | 7,000 | VARIABLE FREQUENCY DRIVE (VFD) @ BPS#1 |
| | - | 9,284 | - | BPS UPGRADE/REPAIR PUMPS |
| | 9,000 | 13,000 | 9,000 | REPAIRS TO 2 BOOSTER PUMP STATIONS/GENERATOR |
| 60-5309 | \$ 8,000 | \$ 31,195 | \$ 8,000 | VILLAGE LAKES BOOSTER PUMP STATION - R & M |
| | 4,000 | 3,261 | 4,000 | CONTINGENCY FOR REPAIRS VILLAGE LAKE PUMP STATION |
| | - | 24,174 | - | VILLAGE LAKE VERTICAL PUMPS X 3/MOVED FROM CAP |
| | 4,000 | 3,760 | 4,000 | CHEMICAL TREATMENT VILLAGE LAKES |
| 60-5310 | \$ 14,573 | \$ 13,076 | \$ 7,300 | SMALL EQUIPMENT < THAN \$5,000 |
| | - | 3,503 | - | CHECK SCANNER & JOGGER FOR IN-HOUSE PAYMENTS |
| | - | - | 800 | IRRIGATION SERVER/WS (IRRIG TECH) |
| | - | - | 1,500 | PIPE FREEZE KIT |
| | 9,573 | 9,573 | - | WTP2 FILTER PROCESS FLOW METERS X3 (\$3,191 EA) |
| | 5,000 | - | 5,000 | CONTINGENCY FOR MISC SMALL EQUIPMENT |
| | \$ 2,485,138 | \$ 2,400,131 | \$ 2,465,811 | TOTAL OPERATING EXPENDITURES |
| 60-5401 | \$ 3,440 | \$ 3,870 | \$ 6,450 | COST OF METERS |
| | 3,440 | 3,870 | 6,450 | COST OF 15 NEW METERS @ \$430/METER & MXU THESE WILL BE SOLD TO BUILDERS/EST FROM SITE PLANS |
| 60-5402 | \$ 2,660 | \$ 6,510 | \$ 7,660 | RENTAL EQUIPMENT |
| | 1,200 | 1,200 | 1,200 | GPS RENTAL EQUIPMENT (SPLIT W/ 10 FUND) |
| | - | 3,390 | 5,000 | BACKHOE RENTAL |
| | 500 | - | 500 | CONTINGENCY FOR RENTAL EQUIP - DIST DOESN'T OWN |
| | 960 | 1,920 | 960 | WEATHER STATION FEE - BROADCAST ET INFO |
| 60-5403 | \$ 327,080 | \$ 255,409 | \$ 257,272 | WATER RESOURCES |
| | 75,000 | 45,377 | 75,000 | LEGAL EXPENSES - WATER (INCLDS WR SPLIT W/CPN) |
| | - | 80,213 | - | 2004 WATER RIGHTS |
| | 150,000 | 45,992 | 100,000 | HYDROLOGIST - WTR RIGHTS |
| | 10,750 | 10,750 | - | DCWRA MEMBERSHIP FEES (INCLUDED W/ SMWSA DUES) |
| | 3,000 | 13,370 | 27,721 | SMWSA DUES (INCLUDES DCWRA MEM DUES IN 2014) |
| | 1,930 | 1,970 | 1,970 | SPWRAP DUES |
| | 28,000 | 19,337 | 14,181 | CHATFIELD RE-ALLOCATION FEES (GREENWAY) |
| | 38,400 | 38,400 | 38,400 | WATER CONSULTANT |
| | 10,000 | - | - | WATER HYDROLOGIST - RECHARGE |
| | 10,000 | - | - | RESERVOIR PROP LAND USE PLAN - PLUM CREEK |

60 ENTERPRISE

| FUND | BUDGET AMOUNT 2013 | PROJECT ACTUAL 2013 | BUDGET AMOUNT 2014 | JUSTIFICATION |
|---------|--------------------------|---------------------------|--------------------------|---|
| 60-5430 | \$ 87,061 | \$ 87,061 | \$ 90,356 | PRINCIPAL/DWRF LOAN - MAY 2006 (\$2,000,000) |
| | 87,061 | 87,061 | 90,356 | PRINCIPAL \$87,061/LOAN RETIRES 2026 |
| 60-5431 | \$ 58,038 | \$ 58,038 | \$ 54,743 | INTEREST/DWRF LOAN - MAY 2006 (\$2,000,000) |
| | 58,038 | 58,038 | 54,743 | INTEREST \$58,038 |
| 60-5432 | \$ 1,000 | \$ 500 | \$ 1,000 | PAYING AGENCY FEES |
| | 1,000 | 500 | 1,000 | ADMIN FEES REVENUE BOND |
| 60-5433 | \$ 10,591 | \$ 10,591 | \$ 10,992 | PRINCIPAL/DWRF LOAN - NOV 2006 (\$250,000) |
| | 10,591 | 10,591 | 10,992 | PRINCIPAL \$10,591/LOAN RETIRES 2027 |
| 60-5434 | \$ 7,392 | \$ 7,392 | \$ 6,991 | INTEREST/DWRF LOAN - NOV 2006 (\$250,000) |
| | 7,392 | 7,392 | 6,991 | INTEREST \$7,392 |
| 60-5436 | \$ 21,865 | \$ 21,865 | \$ 15,020 | INTEREST/W & S REV BONDS 2003 |
| | 21,865 | 21,865 | 15,020 | INTEREST \$21,865 |
| 60-5437 | \$ 185,000 | \$ 185,000 | \$ 190,000 | PRINCIPAL/W & S REV BONDS 2003 |
| | 185,000 | 185,000 | 190,000 | PRINCIPAL \$185,000/BOND RETIRES 2015 |
| 60-5428 | \$ - | \$ - | \$ 125,664 | PRINCIPAL/JNT CWCBL LOAN |
| | - | - | 125,664 | CHATFIELD REALLOCATION \$5,594,735 ASSUMING 75% OF 90% REQUEST LOAN \$3,776,447; 20 YEAR; 3% INT P&I PAYMENT APPROXIMATELY \$251K/ANNUALLY |
| 60-5426 | \$ - | \$ - | \$ 54,820 | PRINCIPAL/JNT WATER & POWER AUTHORITY LOAN |
| | - | - | 54,820 | WATER TRANSFER LINE ASSUMING 100% LOAN \$1,800,000; 20 YEAR; 2% INT P&I PAYMENT APPROXIMATELY \$110K/ANNUALLY |
| 60-5400 | \$ 704,127 | \$ 636,236 | \$ 820,968 | TOTAL NON-OPERATING EXPENSES |
| 60-7000 | \$ 1,378,500 | \$ 425,348 | \$ 7,590,435 | CAPITAL OUTLAY ENTERPRISE FUND |
| | \$ 1,378,500 | \$ 425,348 | \$ 7,590,435 | CAPITAL OUTLAY WATER & SEWER |
| 60-7227 | 150,000 | - | 150,000 | PUMP & MOTOR CONTINGENCY FOR WELLS (ARAPAHOE) |
| 60-7229 | 100,000 | 20,000 | 250,000 | IMG STORAGE TANK (2014 DESIGN ONLY) |
| 60-7286 | 100,000 | 26,108 | - | WELL DE-8 PUMP & MOTOR |
| 60-7287 | 50,000 | 70,775 | - | WELL DE-8 ACID WASH |
| 60-7288 | 60,000 | 35,000 | - | WELL DE-8 DRIVE |
| 60-7291 | 900,000 | 250,000 | 1,550,000 | WATER TRANSFER LINE - BPS1 TO BPS2 (2013 & 2014) |
| 60-7289 | 6,500 | 5,998 | - | WTP2 EFFLUENT FLOW METER |
| 60-7290 | 12,000 | - | - | VILLAGE LAKE VERTICAL PUMPS X 2/MOVED TO VLBPS R&M |
| 60-7297 | - | 6,300 | - | METROTECH CAMERA - UNDERWATER |
| 60-7279 | - | 11,168 | - | DISINFECTION SYSTEM - WTP2 |
| 60-7281 | - | - | 1,818,288 | CHATFIELD RESERVOIR RE-ALLOCATION PROJ - FROM RESERVES 10% - 559,473; EXPECTED FUNDING AT 75% OF 90% REQUESTED TOTAL PROJECT COST - \$5,594,735 |
| 60-7280 | - | - | 3,776,447 | CHATFIELD RESERVOIR RE-ALLOCATION PROJ - CWCBL LOAN |
| 60-7257 | - | - | 6,200 | EXHAUST FAN/CHEMICAL ROOM WTP2 |
| | - | - | 39,500 | UPGRADE WTP CONTROLS (SCADA) |

Water & Sewer Revenue Refunding Bonds, 2003 Balance:

12/31/2013 \$390,000

12/31/2014 \$200,000

DWRF Loan \$2,000,000 Balance:

12/31/2013 \$1,482,183

12/31/2014 \$1,391,827

DWRF Loan \$250,000 Balance:

12/31/2013 \$189,138

12/31/2014 \$178,146

40 DEBT SERVICE FUND
FUND BUDGET
AMOUNT
2013

PROJECT
ACTUAL
2013

BUDGET
AMOUNT
2014

JUSTIFICATION

| | | | | |
|---------|--------------|--------------|--------------|---|
| 40-XXXX | \$ 1,615,317 | \$ 1,612,817 | \$ 1,610,962 | TOTAL DEBT SERVICE FUND |
| 40-6440 | 19,067 | 17,067 | 16,712 | COUNTY TREASURER COLLECTION FEE - 1.5% OF PROPERTY TAX COLLECTED / +\$1K CONTINGENCY |
| 40-7510 | 1,425,000 | 1,425,000 | 1,480,000 | PRINCIPAL PAYMENT ON G.O. BONDS |
| 40-7530 | 170,250 | 170,250 | 113,250 | BOND INTEREST ON G.O. BONDS |
| 40-7540 | 1,000 | 500 | 1,000 | BOND TRUSTEE FEE |

GO Bond Balance:

12/31/2013 \$3,020,000

12/31/2014 \$1,540,000

CERTIFICATION OF VALUATION BY Douglas COUNTY ASSESSOR

Name of Jurisdiction 4016 - Castle Pines Metro District

New Entity: No

IN Douglas COUNTY, COLORADO ON 11/20/2013

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT, FOR THE TAXABLE YEAR 2013 IN Douglas COUNTY, COLORADO

| | |
|---|---------------|
| 1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | \$135,450,610 |
| 2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: * | \$124,702,921 |
| 3. LESS TIF DISTRICT INCREMENT, IF ANY: | |
| 4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | \$124,702,921 |
| 5. NEW CONSTRUCTION: ** | \$761,307 |
| NEW GROWTH ASSESSED: | \$0 |
| 6. INCREASED PRODUCTION OF PRODUCING MINES: # | |
| 7. ANNEXATIONS/INCLUSIONS: | \$0 |
| 8. PREVIOUSLY EXEMPT FEDERAL PROPERTY # | \$0 |
| 9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b) C.R.S.): ## | \$0 |
| 10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a) C.R.S.): | \$0.00 |
| 11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(i)(B), C.R.S.): | \$2,868.11 |

* This value reflects personal property exemptions IF enacted by the Jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2013 IN Douglas COUNTY ON AUGUST 25, 2013

| | |
|--|-----------------|
| 1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @ | \$1,374,761,877 |
| ADDITIONS TO TAXABLE REAL PROPERTY: | |
| 2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: I | \$9,584,153 |
| NEW GROWTH ACTUAL: | \$0 |
| 3. ANNEXATIONS/INCLUSIONS: | \$0 |
| 4. INCREASED MINING PRODUCTION: % | |
| 5. PREVIOUSLY EXEMPT PROPERTY: | \$0 |
| 6. OIL OR GAS PRODUCTION FROM A NEW WELL: | \$0 |
| 7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: | |
| (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.) | |

DELETIONS FROM TAXABLE REAL PROPERTY:

| | |
|---|-----|
| 8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: | \$0 |
| 9. DISCONNECTIONS/EXCLUSION: | \$0 |
| 10. PREVIOUSLY TAXABLE PROPERTY: | \$0 |

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

I Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

| | |
|---|-----|
| IN ACCORDANCE WITH (39-5-128(1), C.R.S.) AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS: 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----- | \$0 |
|---|-----|

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2013

Data Date: 11/19/2013

DLG-57 (Rev. 7/00)

CASTLE PINES
METROPOLITAN DISTRICT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2010

Prepared by Sue Mantz
Accounting Supervisor

Castle Rock, Colorado

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CASTLE PINES

METROPOLITAN DISTRICT

May 27, 2011

TO: Board of Directors
Castle Pines Metropolitan District

State law requires that all local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Castle Pines Metropolitan District (the District) for the fiscal year ended December 31, 2010.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with US GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by *BONDI & Co. LLC*, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the

District for the fiscal year ended December 31, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended December 31, 2010 are fairly presented in conformity with US GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The District is a political subdivision of the State of Colorado. The District was organized by a court order on June 14, 1973, following an election by the property owners in the District, and is governed by a five-member, elected Board of Directors.

The District provides the services contemplated by the District's Service Plan. Such services include street repair and maintenance, snow removal, road right-of-way maintenance, water treatment and distribution, sewer collection and storm drainage management services to the property owners of the District, as approved by the Board of Directors. The geographical area served by the District is a suburban area, the majority of which is residential or recreational property with limited service areas, a small commercial area and no manufacturing. The economic impact of the limited service property served by the District is minimal.

The District is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which may occur when deemed appropriate by the governing board.

The annual budget serves as the foundation for the District's financial planning and control. All departments of the District are required to submit requests for appropriation to the District Manager. The District Manager uses these requests as the starting point for developing a proposed budget. The District Manager then presents this proposed budget to the Board of Directors (the Board) for review by October 15. The Board is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 15 of each year. The appropriated budget is prepared by fund. The District can amend the approved budget only with the approval of the Board.

Budget-to-actual comparisons are provided in this report for each of these funds for which an appropriated annual budget was adopted. For the general fund and debt service, these comparisons are presented on pages 57 and 64 as part of the required supplementary information for the governmental funds. The enterprise fund comparison is presented on page 65.

Economic Condition

The District is located within Douglas County, Colorado, which was one of the fastest growing counties in the United States, has slowed with the economic downturn. The District's operation and maintenance of streets, snow removal and water usage is expected to increase slightly over the next several years as the economy picks back up and the building of additional residential properties and commercial areas resumes.

Long Term Financial Planning

In December 2006, the District completed work on a Long Range Master Plan (LRMP) with the assistance of professional engineers and water consultants. This LRMP contains information on the background of the District, Existing Water System and Facilities, Future Water Supply, Capital Improvement Plan Projects and a Financial Plan projecting revenue and expenses out to 2050. This plan is currently being reviewed and will be updated this year.

Awards and Acknowledgements

Independent Audit. State law requires the District to have its financial statements audited by an independent firm of certified public accountants. The Board of Directors selected *BONDI & Co. LLC* to fulfill this requirement.

BONDI & Co. LLC provided an unqualified opinion on the 2010 financial statements.

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twelfth consecutive year that the District received this award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized CAFR. This report satisfied both US GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of this report would not have been possible without the efficient and dedicated services of LeAnna Gonzales, AP/AR Specialist; Susan Seamark, Administrator; Jeff Coufal, Operations Superintendent; and Jon Gray, District Engineer, who assisted with the composition and preparation of this document.

We would like to thank the independent certified public accounting firm of **BONDI & Co. LLC** for their input and able assistance and the professional manner in which they have performed their audit engagement.

Lastly, we would like to express our appreciation and sincere thanks to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



Paul V. Dannels
District Manager



Susan C. Mantz
Accounting Supervisor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Castle Pines Metropolitan
District, Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

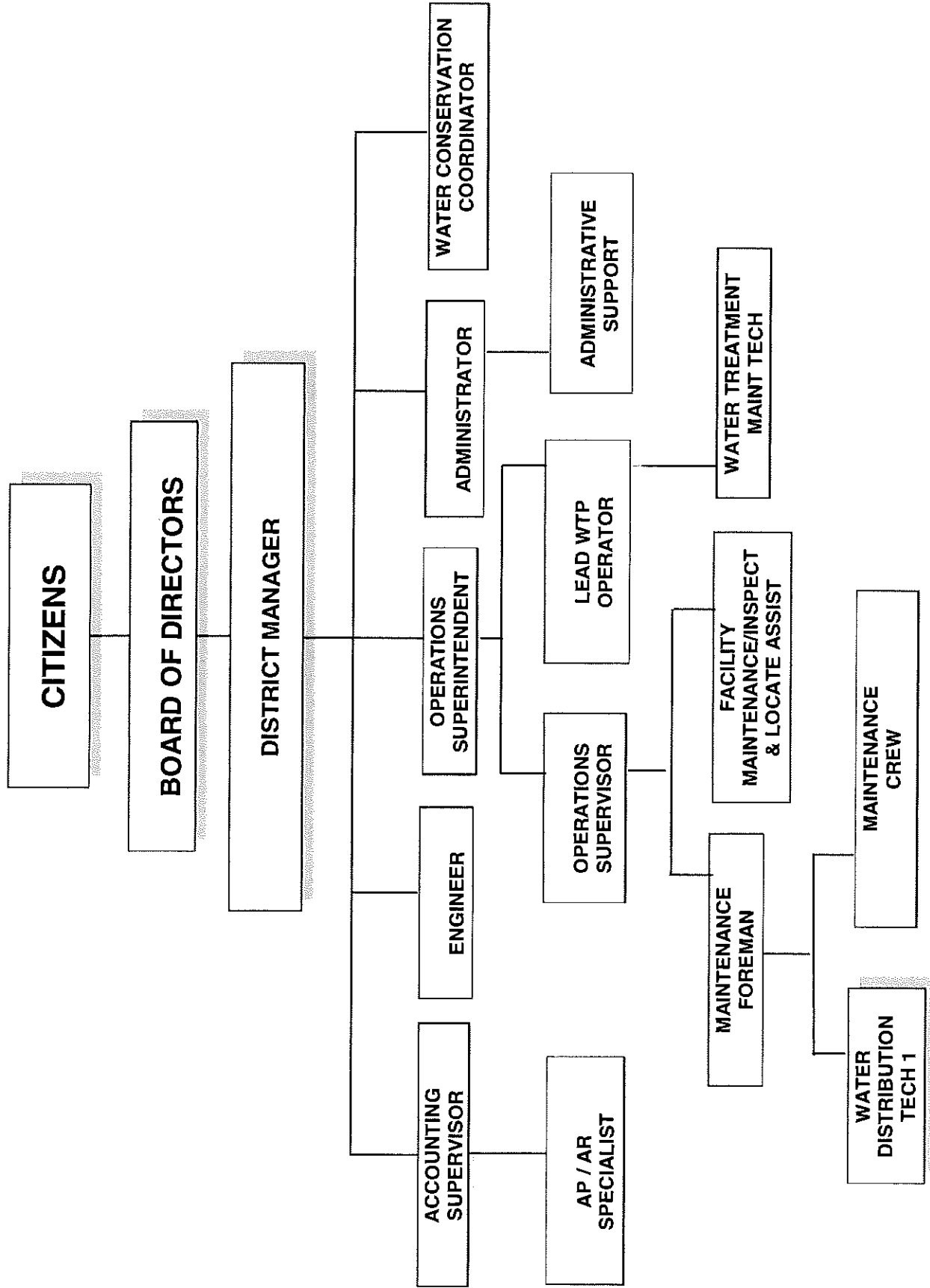
A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



President

Executive Director

CASTLE PINES METROPOLITAN DISTRICT ORGANIZATIONAL CHART



CASTLE PINES METROPOLITAN DISTRICT

List of District Officers

As of December 31, 2010

| <u>ELECTED OFFICIALS</u> | <u>APPOINTMENT DATE</u> | <u>TERM EXPIRATION DATE</u> |
|---|-------------------------|-----------------------------|
| Joe Gschwendtner, Chair / President | May 2008 | May 2012 |
| Jacquelyn Sundquist, Vice-Chair / Vice President | May 2010 | May 2014 |
| Tom Kahn, Treasurer | May 2008 | May 2012 |
| Jerry Spradling Secretary | May 2010 | May 2014 |
| Karl Krueger Director | May 2010 | May 2014 |

DEPARTMENT OFFICIAL

District Manager
Mr. Paul V. Dannels

CONSULTANTS

District Counsel:
Mr. Charlton H. Carpenter, Esq.
Fairfield & Woods, P.C.

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BONDI & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

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ENGLEWOOD, COLORADO 80112

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(303) 799-6826 PHONE
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(303) 799-6926 FAX

**Board of Directors
Castle Pines Metropolitan District
Castle Rock, 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 Metropolitan District (District), as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's 2009 financial statements, and in our report dated April 16, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 District, as of December 31, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, on pages 10 through 17, the budgetary comparison schedule, on page 57, and the infrastructure condition and maintenance data, on pages 58 and 59, are not a required part of the basic financial statements but are

**Board of Directors
Castle Pines Metropolitan District**

supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

May 27, 2011

Bondi & Co., LLC
BONDI & Co. LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of Castle Pines Metropolitan District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the calendar year ended December 31, 2010. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 to 4 of this report.

Financial Highlights

- The District's assets exceeded its liabilities by \$48,677,150 (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$36,486,547 include property, equipment and infrastructure, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$62,000 are restricted by constraints imposed from outside the District such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net assets of \$12,128,603 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's governmental funds reported a total ending fund balance of \$7,832,637 this year. This compares to the prior year ending fund balance of \$6,210,088 showing a positive increase of \$1,622,549 during the current year. These results are generally due to additional property taxes received, delaying a Roundabout Project until 2011 and the continuance of strong expense controls. Taken together, increased revenues exceeded expenditures by \$1,978,979. After a \$356,430 statutorily permissible transfer out to the business segment, the gain was reduced to a net increase to \$1,622,549.
- At the end of the current calendar year, unreserved fund balance for the General Fund was \$5,855,571.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables present comparative data for calendar year 2009.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would

extend to other non-financial factors such as diversification of the taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the District include general government and public works. The business-type activities of the District include water and sewer services.

The government-wide financial statements are presented on pages 18 & 19 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. All of the District's funds are classified as major and are separately reported.

The District maintains two individual governmental funds, the General Fund and Debt Service Fund.

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 - 23 of this report.

The *Proprietary fund* is reported in the fund financial statements and generally report services for which the District charges customers a fee. The one District proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. The District services approximately 1,530 properties inside the District boundaries and provides service to one customer outside of District boundaries for water service only.

The basic enterprise fund financial statements are presented on pages 24 – 27 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget presentations and the modified approach for infrastructure. Budgetary comparison statements are included as "required supplementary information" for the general fund. Budgetary comparison schedules for the debt service and enterprise funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. Required supplementary information can be found on pages 57-59 of this report.

As discussed, the District reports major funds in the basic financial statements. The individual statements and schedules of these funds are presented in a subsequent section of this report on pages 60-65.

Financial Analysis of the District as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at calendar year-end are \$48,677,150. The following table provides a summary of the District's net assets:

| | Governmental Activities | | | | Business-type Activities | | | |
|--|-------------------------|----------------------|---------------------|--------------|--------------------------|----------------------|------------------|---------------|
| | 2010 | 2009 | \$ Change | % Change | 2010 | 2009 | \$ Change | % Change |
| Assets | | | | | | | | |
| Current Assets | \$ 13,365,840 | \$ 11,654,927 | \$ 1,710,913 | 14.7% | \$ 4,534,128 | \$ 3,730,479 | \$803,649 | 21.5% |
| Capital Assets | 13,311,494 | 13,310,904 | 590 | 0.0% | 33,290,102 | 33,890,126 | (600,024) | -1.8% |
| Other Assets | 73,351 | 88,021 | (14,670) | -16.7% | 33,354 | 38,912 | (5,558) | -14.3% |
| Total Assets | 26,750,685 | 25,053,852 | 1,696,833 | 6.8% | 37,857,584 | 37,659,517 | 198,067 | 0.5% |
| Liabilities: | | | | | | | | |
| Current Liabilities | 6,911,471 | 6,742,207 | 169,264 | 2.5% | 476,529 | 571,624 | (95,095) | -16.6% |
| Long-term Liabilities | 5,944,739 | 7,290,800 | (1,346,061) | -18.5% | 2,598,380 | 2,850,607 | (252,227) | -8.8% |
| Total Liabilities | 12,856,210 | 14,033,007 | (1,176,797) | -8.4% | 3,074,909 | 3,422,231 | (347,322) | -10.1% |
| Invested in capital assets, net of debt | 6,030,999 | 4,769,311 | 1,261,688 | 26.5% | 30,455,548 | 30,804,746 | (349,198) | -1.1% |
| Restricted | 62,000 | 67,000 | (5,000) | -7.5% | - | - | - | |
| Unrestricted | 7,801,476 | 6,184,534 | 1,616,942 | 26.1% | 4,327,127 | 3,432,540 | 894,587 | 26.1% |
| Total Net Assets | \$ 13,894,475 | \$ 11,020,845 | \$ 2,873,630 | 26.1% | \$ 34,782,675 | \$ 34,237,286 | \$545,389 | 1.6% |

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 3.74 to 1 and 9.51 to 1 for business-type activities. For the District overall, the current ratio is 2.42 to 1.

The District reported a positive balance in net assets for both business-type activities and governmental activities. Net assets increased by \$2,873,630 for governmental activities and increased by \$545,389 for business-type activities. During 2010, the District's overall financial position increased by \$3,419,019. The increases in governmental activities are due to additional property taxes and less expense due to a delay in the Happy Canyon Roundabout Project. In 2010, the District did not receive any developer contributions, mainly due to the slowed economy and no additional growth.

Note that approximately 49.7% of the governmental activities' total assets are tied up in capital. The District uses these capital assets to provide services to its homeowners. However, with business-type activities, approximately 87.9% of its assets are capital assets. Capital assets in the business-type activities also provide water services, but they also generate fee based revenues for this fund. Seventy-two percent (72%) of the District's total assets are included in capital assets.

The government-wide information is presented with comparative data for the prior year for better analysis and trends. The following table provides a summary of the District's changes in net assets:

| | Governmental Activities | | | | Business-type Activities | | | |
|--------------------------------|-------------------------|--------------|-------------|----------|--------------------------|--------------|-------------|----------|
| | 2010 | 2009 | \$ Change | % Change | 2010 | 2009 | \$ Change | % Change |
| Revenues: | | | | | | | | |
| Program Revenue | | | | | | | | |
| Charges for Services and Sales | \$ 91,911 | \$ 94,725 | \$ (2,814) | -3% | \$ 3,739,276 | \$ 3,325,070 | \$ 414,206 | 12% |
| Capital Grants & Contributions | 0 | 387,492 | (387,492) | -100% | 0 | 1,259,606 | (1,259,606) | -100% |
| General Revenues: | | | | | | | | |
| Property Taxes | 5,415,570 | 4,757,702 | 657,868 | 14% | - | - | - | |
| Specific Ownership Taxes | 366,381 | 355,933 | 10,448 | 3% | - | - | - | |
| Investment Earnings | 62,327 | 36,767 | 25,560 | 70% | 28,873 | 17,987 | 10,886 | 61% |
| Other | 6,437 | 5,237 | 1,200 | 23% | 840 | 9,618 | (8,778) | -91% |
| Total Revenue | 5,942,626 | 5,637,856 | 304,770 | 5% | 3,768,989 | 4,612,281 | (843,292) | -18% |
| Expenses: | | | | | | | | |
| General Government | 1,385,138 | 1,299,503 | 85,635 | 7% | - | - | - | |
| Public Works | 1,004,878 | 1,069,781 | (64,903) | -6% | - | - | - | |
| Interest on LT Debt | 322,550 | 361,254 | (38,704) | -11% | - | - | - | |
| Water & Sewer | - | - | - | | 3,580,030 | 3,183,426 | 396,604 | 12% |
| Total Expenses | 2,712,566 | 2,730,538 | (17,972) | -1% | 3,580,030 | 3,183,426 | 396,604 | 12% |
| Increase in net assets | | | | | | | | |
| before transfers | 3,230,060 | 2,907,318 | 322,742 | 11% | 188,959 | 1,428,855 | (1,239,896) | -87% |
| Transfers | (356,430) | (155,800) | (200,630) | -129% | 356,430 | 155,800 | 200,630 | 129% |
| Change in Net Assets | 2,873,630 | 2,751,518 | 122,112 | 4% | 545,389 | 1,584,655 | (1,039,266) | -66% |
| Beginning Net Assets, | 11,020,845 | 8,269,327 | 2,751,518 | 33% | 34,237,286 | 32,652,631 | 1,584,655 | 5% |
| Ending Net Assets | \$13,894,475 | \$11,020,845 | \$2,873,630 | 26% | \$34,782,675 | \$34,237,286 | \$ 545,389 | 2% |

GOVERNMENTAL REVENUES

The District is dependent upon property tax to fund the debt service and general fund. Property taxes increased by \$657,868 (13.8%) during 2010. The increase is due to an increase in the assessed value from \$158,752,110 to \$161,013,520.

GOVERNMENTAL FUNCTIONAL EXPENSES

This table presents the cost of each of the District's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the District's taxpayers by each of these functions.

Governmental Activities

| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|--------------------|-----------------------------------|---------------------------------|
| General government | \$ 1,385,138 | \$ (1,385,138) |
| Public Works | 1,004,878 | (912,967) |
| Interest | <u>322,550</u> | <u>(322,550)</u> |
| Total | <u>\$ 2,712,566</u> | <u>\$ (2,620,655)</u> |

The District reports program revenue of \$91,911, which consists of charges for services and sales. The majority of the general government functions are funded by property tax. Taxes are reported as general revenue, rather than program revenue, therefore, the net cost of services is offset by general revenues of \$5,850,715.

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the water and sewer fund were \$414,206 (12%) more than 2009, and the operating expenses were \$188,752 (6.1%) more than the 2009 figure. The additional revenue is reflected in a fairly new tiered rate structure for water usage and record temperatures for three months in the fall of 2010. We hired a Water Conservation Coordinator in 2009 to help support homeowners in implementing water conservation efforts, thus helping to reduce the District's annual water usage.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the individual fund statements. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$7,832,637. Of this year-end total, \$803,705 will be used for landscape, small equipment replacement, street maintenance and improvements, snow removal, storm drainage maintenance, street improvement overlay and one replacement pick up truck. Two Roundabouts have also been budgeted, for a total project cost of \$1,617,000. Reserved payments include \$1,890,014 for the GO Bond and \$62,000 for Tabor.

Major Governmental Funds

The general fund is the District's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance increased by \$1,512,525. This increase is primarily due to a Roundabout Project that was budgeted but expense was delayed until 2011. The general fund was also able to make the annual operating transfer to the water and sewer enterprise fund for \$356,430.

The 2010 property taxes increased 18.4% over calendar year 2009, and make up 87.8% of total general fund revenues. The general fund experienced additional investment earnings of \$25,109 due to a change in investing funds in 1-year CD's and liquid savings accounts, thus increasing the interest rate. Most other revenue classifications experienced slight increases.

The general fund expenditures show a slight decrease of \$2,371 or .09% less than prior year. The decrease is recorded in the combination of less expense in Public Works of \$77,819 and \$7,589 in Capital Outlay and additional expense of \$83,037 in General Government. The debt service fund expenditures show an increase of \$3,468 from the prior year, due to our annual adjustment of principal and interest payments on the GO Bond.

The Proprietary Fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The majority of the revenue received in this fund is collected from water, sewer & storm rates. The enterprise fund saw a positive change in net assets by \$545,389. This is due to additional water revenue generated in four months of record high temperatures in the fall of 2010. The District did not receive any Capital Contributions from developers in 2010 due to the slowed economy. The enterprise fund also received a transfer in from the general fund of \$356,430, compared to \$155,800 transferred in 2009.

Budgetary Highlights

The General Fund – There were no amendments to the original adopted budget in 2010.

Overall, the District recognized additional revenue of \$226,234 or 5.62% increase in revenues over the adopted budget. This increase is due to \$219,157 more property taxes and specific ownership taxes of \$6,381 received. Charges for services and miscellaneous revenue showed a decrease of \$400 and \$4,325 respectively. Additional investment earnings of \$5,421 were received in 2010.

The general government expenditure function was under budget by \$939,679 or 28.2%. The majority of the savings was recorded in Capital Outlay. The Board voted to move the Happy Canyon Roundabout Project to 2011 instead of 2010, for a reduced expense of \$964,918. Public Works was also under-spent by \$71,636, mainly due to an unusually warm winter resulting in less snow removal and sweeping cost. The additional expense of \$96,875 in General Government, is due to the Happy Canyon Roundabout preliminary design and survey expenses of \$170,000 being moved out of Capital Outlay to an expense account. The District does not own Happy Canyon Road but is paying for construction cost, and Douglas County will maintain the road. The District is authorized to transfer revenue from the general fund and/or receive grants, as that term is defined in the State Statutes section 37-45.1-102 in an amount

less than 10% of the Enterprise' annual revenues. In 2010, the District transferred \$356,430 from the general fund to the enterprise fund.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2010, was \$13,311,494 and \$33,290,102 respectively. See Note 3 for additional information about changes in capital assets during the calendar year.

The following table provides a summary of capital asset activity.

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Non-depreciable assets: | | | | | | |
| Land | \$ - | \$ - | \$ 898,885 | \$ 898,885 | \$898,885 | \$898,885 |
| Infrastructure | 11,250,957 | 11,250,957 | - | - | 11,250,957 | 11,250,957 |
| Construction in Progress | - | - | - | - | - | - |
| Total Non-depreciable assets | 11,250,957 | 11,250,957 | 898,885 | 898,885 | 12,149,842 | 12,149,842 |
| Depreciable assets: | | | | | | |
| Buildings | - | - | 5,714,788 | 5,707,742 | 5,714,788 | 5,707,742 |
| Improvements other than building | - | - | 29,082,321 | 28,966,125 | 29,082,321 | 28,966,125 |
| Machinery | 2,864,762 | 2,781,380 | 7,140,399 | 6,958,941 | 10,005,161 | 9,740,321 |
| Water Rights | - | - | 2,694,232 | 2,694,232 | 2,694,232 | 2,694,232 |
| Total depreciable assets | 2,864,762 | 2,781,380 | 44,631,740 | 44,327,040 | 47,496,502 | 47,108,420 |
| Less accumulated depreciation | (804,225) | (721,433) | (12,240,523) | (11,335,799) | (13,044,748) | (12,057,232) |
| Book value - depreciable assets | 2,060,537 | 2,059,947 | 32,391,217 | 32,991,241 | 34,451,754 | 35,051,188 |
| Percentage depreciated | -28% | -26% | -27% | -26% | -26% | -25% |
| Net book value - all assets | <u>\$13,311,494</u> | <u>\$13,310,904</u> | <u>\$33,290,102</u> | <u>\$33,890,126</u> | <u>\$46,601,596</u> | <u>\$47,201,030</u> |

At December 31, 2010, the depreciable capital assets for governmental activities were 28% depreciated. This compares to 26% at December 31, 2009. The District has adopted the modified approach to report infrastructure in governmental type activities. Under the modified approach, the expenditures incurred to preserve infrastructure, at or above the governmental designated condition levels, are not capitalized. Therefore, expenditures to improve infrastructures are recorded under the public works section. The actual expense for the street maintenance came in slightly lower than budget, and resulted in a decrease of \$1,954. The District's policy is to achieve a rating of 85 PCI rating or higher on all streets. In 2010, we estimated 93.66% of our roadways were rated at good or better, which exceeded our policy. This

rating allows for minor cracking and oxidation of the pavement with minor roughness that could be noticeable. All scheduled work was completed. Please refer to pages 58 & 59 for additional information.

With the District's business-type activities, 27% of the asset values were depreciated at December 31, 2010 and 26% at December 31, 2009.

Long-term Debt

At the end of the year the District had long-term debt outstanding of \$10,126,240. Of this amount, \$7,207,144 comprises debt backed by the full faith and credit of the District. The remainder of the District's debt represents debt secured by revenue bonds and the recording of compensated absences. See Note 5 for additional information.

| | Governmental Activities | | Business-type Activities | | Total | | % Change |
|------------------------------|-------------------------|--------------------|--------------------------|--------------------|---------------------|---------------------|-------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | |
| Revenue Bonds | \$ - | \$ - | \$ 920,000 | \$ 1,090,000 | \$920,000 | \$1,090,000 | -15.6% |
| GO Bonds | 7,207,144 | 8,453,572 | - | - | 7,207,144 | 8,453,572 | -14.7% |
| DWRF Loans | - | - | 1,953,721 | 2,041,074 | 1,953,721 | 2,041,074 | -4.3% |
| Compensated Absences | 19,391 | 19,354 | 25,984 | 24,080 | 45,375 | 43,434 | 4.5% |
| Total Non-depreciable assets | <u>\$7,226,535</u> | <u>\$8,472,926</u> | <u>\$2,899,705</u> | <u>\$3,155,154</u> | <u>\$10,126,240</u> | <u>\$11,628,080</u> | -12.9% |

Economic Conditions Affecting the District

The District's economy has traditionally been residential. In the past five years a new commercial center has been added within the District's boundaries, adding approximately 24 commercial units, including a market, gas station and carwash, restaurants, fitness center, drycleaners, banking institutions and miscellaneous retail stores. Even with slower growth in the housing development, and the economic turn-down, the District believes the future is financially stable in the Village.

The primary revenue source for the District is property tax. The District levied a total of 33.834 mills in 2010 which was distributed to the general fund (23.284 mills) and to the debt service fund (10.550 mills). The District's debt service fund net assets increased to \$1,890,014 which is reserved for future debt service payments.

Request for Information

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. Questions concerning any of the information provided in this report, or request for additional information should be addressed to the Castle Pines Metropolitan District, Attn: Paul V. Dannels, 5880 Country Club Drive, Castle Rock, Colorado, 80108.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF NET ASSETS

December 31, 2010

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Total |
| <u>ASSETS</u> | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents (Note 2) | \$ 1,338,465 | \$ | \$ 1,338,465 |
| Cash with Fiscal Agent | 26,224 | | 26,224 |
| Investments (Note 2) | 6,426,609 | 4,283,566 | 10,710,175 |
| Receivables: | | | |
| Accounts | 98,941 | 226,950 | 325,891 |
| Accrued Interest | 1,960 | | 1,960 |
| Property Taxes | 5,447,732 | | 5,447,732 |
| Interfund (Note 4) | 857 | (857) | |
| Prepays | 21,626 | 24,469 | 46,095 |
| Inventory | 3,426 | | 3,426 |
| Total Current Assets | 13,365,840 | 4,534,128 | 17,899,968 |
| OTHER ASSETS | | | |
| Capital Assets (Note 3) | | | |
| Nondepreciable Capital Assets | 11,250,957 | 898,885 | 12,149,842 |
| Depreciable Capital Assets, Net | 2,060,537 | 32,391,217 | 34,451,754 |
| Deferred Charges (Note 5) | 73,351 | 33,354 | 106,705 |
| Total Other Assets | 13,384,845 | 33,323,456 | 46,708,301 |
| Total Assets | 26,750,685 | 37,857,584 | 64,608,269 |
| <u>LIABILITIES</u> | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 84,043 | 181,763 | 265,806 |
| Accrued Expenses | 1,428 | | 1,428 |
| Customer Deposits | | 1,585 | 1,585 |
| Unearned Income | 5,447,732 | | 5,447,732 |
| Accrued Interest Payable | 23,121 | 31,023 | 54,144 |
| Compensated Absences Payable, Current (Note 5) | 1,500 | 1,500 | 3,000 |
| General Obligation Bonds, Current (Note 5) | 1,315,000 | | 1,315,000 |
| General Obligation Bonds, Premium, Current (Note 5) | 38,647 | | 38,647 |
| Revenue Bonds Payable, Current (Note 5) | | 170,000 | 170,000 |
| Loans Payable, Current (Note 5) | | 90,658 | 90,658 |
| Total Current Liabilities | 6,911,471 | 476,529 | 7,388,000 |
| LONG-TERM LIABILITIES | | | |
| Compensated Absences Payable, Net of Current (Note 5) | 17,891 | 24,484 | 42,375 |
| General Obligation Bonds, Net of Current (Note 5) | 5,810,000 | | 5,810,000 |
| General Obligation Bonds, Premium (Note 5) | 154,590 | | 154,590 |
| Revenue Bonds Payable, Net of Current (Note 5) | | 750,000 | 750,000 |
| Loans Payable, Net of Current (Note 5) | | 1,863,063 | 1,863,063 |
| Advanced Refunding (Note 5) | (37,742) | (39,167) | (76,909) |
| Total Long-Term Liabilities | 5,944,739 | 2,598,380 | 8,543,119 |
| Total Liabilities | 12,856,210 | 3,074,909 | 15,931,119 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt (Note 10) | 6,030,999 | 30,455,548 | 36,486,547 |
| Restricted for: | | | |
| Tabor (Note 12) | 62,000 | | 62,000 |
| Unrestricted | 7,801,476 | 4,327,127 | 12,128,603 |
| Total Net Assets | \$ 13,894,475 | \$ 34,782,675 | \$ 48,677,150 |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

| Function/Program | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|------------------|--------------------------------|--|---|-------------------------|--------------------------|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions and Interest | Capital Grants and Contributions | Governmental Activities | Business-Type Activities |
| Governmental Activities: General Government Public Works Interest | \$ 1,385,138 | \$ | \$ | \$ | \$ (1,385,138) | \$ (1,385,138) |
| | 1,004,878 | 91,911 | | | (912,967) | (912,967) |
| | 322,550 | | | | (322,550) | (322,550) |
| Total Governmental Activities | 2,712,566 | 91,911 | | | (2,620,655) | (2,620,655) |
| Business-Type Activities: Water and Sewer | 3,580,030 | 3,739,276 | | | | 159,246 |
| | | | | | | |
| | \$ 6,292,596 | \$ 3,831,187 | \$ | \$ | (2,620,655) | (2,461,409) |
| Total | | | | | | |
| General Revenues | | | | | | |
| Property Taxes Levied for General Government Purposes | | | | 5,415,570 | 5,415,570 | 5,415,570 |
| Specific Ownership Taxes | | | | 366,381 | 366,381 | 366,381 |
| Investment Earnings | | | | 62,327 | 28,873 | 91,200 |
| Miscellaneous | | | | 6,437 | 840 | 7,277 |
| Total General Revenues | | | | 5,850,715 | 29,713 | 5,880,428 |
| Transfers | | | | (356,430) | 356,430 | |
| Change in Net Assets | | | | 2,873,630 | 545,389 | 3,419,019 |
| NET ASSETS, Beginning of Year | | | | 11,020,845 | 34,237,286 | 45,258,131 |
| NET ASSETS, End of Year | | | | \$ 13,894,475 | \$ 34,782,675 | \$ 48,677,150 |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2010

| | General | Debt Service | Total Governmental Funds |
|--|---------------------|---------------------|--------------------------------|
| <u>ASSETS</u> | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,338,465 | \$ | \$ 1,338,465 |
| Cash with Fiscal Agent | 26,224 | | 26,224 |
| Investments | 4,537,237 | 1,889,372 | 6,426,609 |
| Receivables: | | | |
| Accounts | 98,941 | | 98,941 |
| Accrued Interest | 950 | 1,010 | 1,960 |
| Property Taxes | 3,724,887 | 1,722,845 | 5,447,732 |
| Interfund | 1,225 | | 1,225 |
| Prepays | 21,626 | | 21,626 |
| Inventory | 3,426 | | 3,426 |
| Total Current Assets | <u>9,752,981</u> | <u>3,613,227</u> | <u>13,366,208</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 84,043 | | 84,043 |
| Accrued Expenditures | 1,428 | | 1,428 |
| Interfund Payable | | 368 | 368 |
| Deferred Revenue | 3,724,887 | 1,722,845 | 5,447,732 |
| Total Current Liabilities | <u>3,810,358</u> | <u>1,723,213</u> | <u>5,533,571</u> |
| FUND BALANCES | | | |
| Reserved for Inventory | 3,426 | | 3,426 |
| Reserved for Prepays | 21,626 | | 21,626 |
| Reserved for Tabor | 62,000 | | 62,000 |
| Reserved for Debt Service | | 1,890,014 | 1,890,014 |
| Unreserved, Undesignated, Reported In: | | | |
| General Fund | <u>5,855,571</u> | | <u>5,855,571</u> |
| Total Fund Balances | <u>5,942,623</u> | <u>1,890,014</u> | <u>7,832,637</u> |
| Total Liabilities and Fund Balances | <u>\$ 9,752,981</u> | <u>\$ 3,613,227</u> | <u>\$ 13,366,208</u> |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

December 31, 2010

| | | |
|--|--------------------|----------------------|
| Total Governmental Fund Balances | | \$ 7,832,637 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net assets, the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense. | | |
| Cost of capital assets | \$ 2,864,762 | |
| Less accumulated depreciation | <u>(804,225)</u> | 2,060,537 |
| Infrastructure donated by developers is not financial resources and therefore not reported in the funds. However, in the statement of net assets, the cost of these assets are capitalized. | | |
| | | 11,250,957 |
| Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets: | | |
| Interfund/advances receivables | (368) | |
| Interfund/advances payables | <u>368</u> | |
| Liabilities that are not due and payable in the current period, and therefore are not reported at fund reporting level, are reported on the government-wide statement of net assets. | | |
| General Obligation Bonds | (7,125,000) | |
| Deferred Amount on Refunding | 37,742 | |
| Cost of Issuance | 73,351 | |
| Bond Premium | (193,237) | |
| Compensated Absences | (19,391) | |
| Accrued Interest Payable | <u>\$ (23,121)</u> | <u>(7,249,656)</u> |
| Net Assets of Governmental Activities | | <u>\$ 13,894,475</u> |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2010

| | General | Debt Service | Total Governmental Funds |
|--------------------------------------|----------------------------|----------------------------|--------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 3,736,222 | \$ 1,679,348 | \$ 5,415,570 |
| Specific Ownership Tax | 366,381 | | 366,381 |
| Investment Earnings | 50,421 | 11,906 | 62,327 |
| Charges for Services | 91,911 | | 91,911 |
| Miscellaneous | 5,675 | 762 | 6,437 |
| Total Revenues | <u>4,250,610</u> | <u>1,692,016</u> | <u>5,942,626</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 1,344,434 | 25,342 | 1,369,776 |
| Public Works | 867,043 | | 867,043 |
| Capital Outlay | 170,178 | | 170,178 |
| Debt Service: | | | |
| Principal Retirement | | 1,230,000 | 1,230,000 |
| Interest and Fiscal Charges | | 326,650 | 326,650 |
| Total Expenditures | <u>2,381,655</u> | <u>1,581,992</u> | <u>3,963,647</u> |
| Excess of Revenues Over Expenditures | <u>1,868,955</u> | <u>110,024</u> | <u>1,978,979</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | <u>(356,430)</u> | | <u>(356,430)</u> |
| Total Other Financing Sources (Uses) | <u>(356,430)</u> | | <u>(356,430)</u> |
| Net Change in Fund Balances | 1,512,525 | 110,024 | 1,622,549 |
| FUND BALANCES, Beginning of Year | <u>4,430,098</u> | <u>1,779,990</u> | <u>6,210,088</u> |
| FUND BALANCES, End of Year | <u><u>\$ 5,942,623</u></u> | <u><u>\$ 1,890,014</u></u> | <u><u>\$ 7,832,637</u></u> |

See accompanying notes to the basic financial statements.

CASTLE PINES 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, 2010

Net Changes In Fund Balances - Total Governmental Funds \$ 1,622,549

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital
outlay exceeded depreciation expense in the current period.

| | | |
|----------------------|----------------|-----|
| Depreciation expense | \$ (169,588) | |
| Capital outlay | <u>170,178</u> | 590 |

Repayment of general obligation debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets.

1,230,000

Refunding bond issuance costs and premiums are expenditures in the governmental
funds, but these costs are shown as other assets on the statement of net assets

16,428

Compensated absences reported in the statement of activities
do not require the use of current financial
resources and therefore are not reported as expenditures
in governmental funds.

| | | |
|--------------------------------|---------------|-------------|
| Liability at December 31, 2010 | (19,391) | |
| Liability at December 31, 2009 | <u>19,354</u> | <u>(37)</u> |

Interest expense reported in the statement of activities does not require
the use of current financial resources and therefore is not
reported as expenditures in governmental funds.

| | | |
|--------------------------------|------------------|--------------|
| Liability at December 31, 2010 | (23,121) | |
| Liability at December 31, 2009 | <u>\$ 27,221</u> | <u>4,100</u> |

Change In Net Assets of Governmental Activities \$ 2,873,630

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

December 31, 2010

(With Comparative Totals as of December 31, 2009)

| | 2010 | 2009 |
|--|---------------|---------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Investments | \$ 4,283,566 | \$ 3,388,455 |
| Receivables: | | |
| Accounts | 226,950 | 254,628 |
| Accrued Interest | | 4,374 |
| Interfund | | 83,022 |
| Prepays | 24,469 | |
| Total Current Assets | 4,534,985 | 3,730,479 |
| NONCURRENT ASSETS | | |
| Capital Assets: | | |
| Nondepreciable Capital Assets | 898,885 | 898,885 |
| Depreciable Capital Assets, Net | 32,391,217 | 32,991,241 |
| Bond Issuance Costs | 33,354 | 38,912 |
| Total Noncurrent Assets | 33,323,456 | 33,929,038 |
| Total Assets | 37,858,441 | 37,659,517 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 181,763 | 278,071 |
| Interfund | 857 | |
| Customer Deposits | 1,585 | 1,175 |
| Accrued Interest | 31,023 | 33,525 |
| Compensated Absences Payable, Current Portion | 1,500 | 1,500 |
| Revenue Bonds Payable, Current Portion | 170,000 | 170,000 |
| Loans Payable, Current Portion | 90,658 | 87,353 |
| Total Current Liabilities | 477,386 | 571,624 |
| LONG-TERM LIABILITIES | | |
| Compensated Absences Payable, Net of Current Portion | 24,484 | 22,580 |
| Revenue Bonds Payable, Net of Current Portion | 750,000 | 920,000 |
| Loans Payable, Net of Current Portion | 1,863,063 | 1,953,721 |
| Deferred Bond Refunding | (39,167) | (45,694) |
| Total Long-Term Liabilities | 2,598,380 | 2,850,607 |
| Total Liabilities | 3,075,766 | 3,422,231 |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 30,455,548 | 30,804,746 |
| Unrestricted | 4,327,127 | 3,432,540 |
| Total Net Assets | \$ 34,782,675 | \$ 34,237,286 |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

For the Year Ended December 31, 2010

(With Comparative Totals for the Year Ended December 31, 2009)

| | 2010 | 2009 |
|---|----------------------|----------------------|
| OPERATING REVENUES | | |
| Charges for Services, Pledged to Debt | \$ 3,408,094 | \$ 3,119,360 |
| Effluent Pumping | 325,755 | 199,466 |
| Miscellaneous | 5,427 | 6,244 |
| Total Operating Revenues | <u>3,739,276</u> | <u>3,325,070</u> |
| OPERATING EXPENSES | | |
| Depreciation | 904,724 | 849,882 |
| Administration | 820,831 | 815,285 |
| System Operation | <u>1,513,607</u> | <u>1,385,243</u> |
| Total Operating Expenses | <u>3,239,162</u> | <u>3,050,410</u> |
| OPERATING INCOME | <u>500,114</u> | <u>274,660</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest and Fiscal Charges | (112,942) | (120,931) |
| Water Resources | (215,841) | |
| Interest Income | 28,873 | 17,987 |
| Bond Amortization | (12,085) | (12,085) |
| Revenue Rebate | | 9,618 |
| Meter Sales (Net) | <u>840</u> | |
| Total Nonoperating Revenues (Expenses) | <u>(311,155)</u> | <u>(105,411)</u> |
| Income Before Contributions and Transfers | 188,959 | 169,249 |
| Capital Contributions (Tap and Developer) | | 1,259,606 |
| Transfers In | <u>356,430</u> | <u>155,800</u> |
| CHANGE IN NET ASSETS | 545,389 | 1,584,655 |
| NET ASSETS, Beginning of Year | <u>34,237,286</u> | <u>32,652,631</u> |
| NET ASSETS, End of Year | <u>\$ 34,782,675</u> | <u>\$ 34,237,286</u> |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended December 31, 2010

(With Comparative Totals for the Year Ended December 31, 2009)

| | <u>2010</u> | <u>2009</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Customers | \$ 3,856,457 | \$ 3,212,972 |
| Cash Payments to Employees | (671,707) | (627,983) |
| Cash Payments for Goods and Services | <u>(1,997,445)</u> | <u>(1,393,978)</u> |
| Net Cash Provided by Operating Activities | <u>1,187,305</u> | <u>1,191,011</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers In | <u>356,430</u> | <u>155,800</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>356,430</u> | <u>155,800</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Principal Paid on Bonds and Loans | (257,353) | (244,167) |
| Interest Paid on Revenue Bonds and Loans | (115,444) | (123,191) |
| Net Payments for Capital Acquisitions | <u>(304,700)</u> | <u>(1,189,258)</u> |
| Net Cash Used in Capital and Related Financing Activities | <u>(677,497)</u> | <u>(1,556,616)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment Earnings | <u>28,873</u> | <u>17,987</u> |
| Net Cash Provided by Investing Activities | <u>28,873</u> | <u>17,987</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 895,111 | (191,818) |
| CASH AND CASH EQUIVALENTS, Beginning of Year | <u>3,388,455</u> | <u>3,580,273</u> |
| CASH AND CASH EQUIVALENTS, End of Year | <u>\$ 4,283,566</u> | <u>\$ 3,388,455</u> |

(Continued)

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND (Continued)

For the Year Ended December 31, 2010

(With Comparative Totals for the Year Ended December 31, 2009)

| | <u>2010</u> | <u>2009</u> |
|---|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating Income | \$ 500,114 | \$ 274,660 |
| ADJUSTMENTS: | | |
| Depreciation Expense | 904,724 | 849,882 |
| Sales of Meters and Rebates | 840 | 9,618 |
| Water Resources | (215,841) | |
| (INCREASE) DECREASE IN ASSETS: | | |
| Accounts Receivable | 27,678 | (66,167) |
| Accrued Interest Receivable | 4,374 | (4,374) |
| Interfund | 83,022 | (47,649) |
| Prepays | (24,469) | |
| INCREASE (DECREASE) IN LIABILITIES: | | |
| Accounts Payable | (96,308) | 176,399 |
| Interfund Payable | 857 | |
| Compensated Absences Payable | 1,904 | 2,168 |
| Customer Deposits | 410 | (3,526) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 1,187,305</u> | <u>\$ 1,191,011</u> |
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | |
| Property Contributed by Developers | <u>\$</u> | <u>\$ 1,259,606</u> |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Castle Pines Metropolitan District (District) was organized by a court order on June 14, 1973, following an election by the property owners in the District and is governed by an elected five-member Board of Directors. As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments.

The primary functions of the District are to provide street repair and maintenance, snow removal, road right-of-way maintenance, water treatment and distribution, sewer collection, and storm drainage management services to the property owners of Castle Pines Village.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The District also applies Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) statements issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. The District has elected not to apply those FASB ASC statements issued after November 30, 1989.

The most significant of the District's accounting policies are described below.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the District in that the District approves the budget, levies their taxes, or issues their debt. Based upon the above criteria, the reporting entity includes the District, and does not include any component units, nor is the District a component unit of another entity.

Government-wide Financial Statements - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the financial position of the governmental and business-type activities of the District.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and for each identifiable activity of the business-type activities of the District. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities, including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources, not properly included with program revenues, are reported as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting - The District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District uses two categories of funds: governmental and proprietary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and liabilities as fund balance. The following are the District's major governmental funds:

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado.

The Debt Service Fund – This fund is used to accumulate resources for payments of principal and interest on long-term general obligation debt.

Proprietary Fund - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The proprietary fund is classified as a major enterprise fund.

The Water and Sewer Fund – This fund is used for the District's water distribution and sewer collection activities.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statement of changes in fund net assets present increases (i.e. revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. The proprietary fund uses the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions, in which the District receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, and federal and state grants.

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenue is classified as "deferred revenue" on the statement of net assets.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and amounts deposited in the bank and pooled state regulated investment accounts subject to immediate withdrawal, purchased with an original maturity date of three months or less.

Investments are stated at fair value based on quoted market prices.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables consist of taxes receivable and accounts receivable (billings for user charges, including unbilled utility receivables).

Receivables and payables are recorded on the District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

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

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Inventory

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method).

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

used by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise fund's statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements to capital assets are capitalized.

The District's infrastructure consists of roads. The District uses the modified approach for reporting infrastructure for the governmental funds. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets used by the enterprise fund is capitalized. All reported capital assets are depreciated except for land, easements, construction in progress, and infrastructure. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the District's historical records of necessary improvements and replacement.

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

| | |
|-----------------------------------|----------------|
| Buildings | 50 - 60 years |
| Improvements other than buildings | 20 - 100 years |
| Machinery and equipment | 1 - 20 years |

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Bonds are recognized as a liability in the governmental fund financial statements when due.

Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are reported as deferred charges. On the government-wide and enterprise fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

Governmental funds report to the effect of bond issuance costs, premiums, and discounts when debt is first issued.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond premiums and discounts. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for water and sewer. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Contributions of Capital

Contributions of capital in government-wide, governmental, and proprietary fund financial statements arise from outside contributions of capital assets, tap fees or from other outside contributions of resources restricted to capital acquisition and construction.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Comparative Data

The basic financial statements include certain prior-year partial comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2009, from which the partial information was derived. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Budgetary Information

Formal budgetary integration is employed as a management control device during the year for all the funds. Formal budgetary integration is also employed to comply with Budget Law of the State of Colorado. The Board of Directors adopted the District's budget in accordance with the Colorado Revised Statutes. Appropriation for all funds lapses at the year-end.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

The appropriated budget is prepared by fund, function, and department. The District's department head may recommend a transfer of appropriations within a department function. Transfer of appropriations between funds requires the approval of the Board of Directors.

The budgets for governmental fund types are adopted on a basis which is consistent with GAAP. The budgets for proprietary funds are adopted on a basis which differs from GAAP in that depreciation on fixed assets is not provided and capital expenditures are included in the budget. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level. Total fund expenditure amounts, including transfers out, determine the level at which expenditures may not legally exceed appropriations. Colorado Revised Statutes require the District to adopt a balanced budget. The District's Board of Directors can amend the budget and adopt supplemental budgets in accordance with the Colorado Revised Statutes. The District did not amend the 2010 budget.

Property Taxes

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year, and are payable in two equal installments due February 28 and June 15, if paid in installments, or April 30, if paid in a single payment. Taxes are delinquent as of August 1. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis.

No provision has been made for uncollected taxes, as all taxes are deemed collectible. The District levied 33.834 mills for property taxes to be collected in 2010.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 2: CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy that addresses custodial credit risk. As of December 31, 2010, the District's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with PDPA.

At December 31, 2010, the District's cash deposits had the following book and bank balances:

| | 2010 | |
|------------------|---------------------|---------------------|
| | Book | Bank |
| Cash on Hand | \$ 300 | \$ |
| Insured Deposits | 1,250,000 | 1,250,000 |
| Collateralized | 3,101,475 | 3,125,196 |
| Total Deposits | <u>\$ 4,351,775</u> | <u>\$ 4,375,196</u> |

Investments

The District's investment policy limits investment instruments to the following:

- Local government investment pools authorized under CRS 24-75-702.
- Money market funds authorized under CRS 24-75-601.1(1)(k).

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Certificates of deposit in state or national banks or in state or federally chartered savings banks as authorized by CRS Section 24-75-603, et seq., and are insured by the FDIC. The selected bank(s) shall collateralize certificates of deposit that exceed the FDIC insured amount in accordance with the PDPA, CRS 11-10.5-101 et seq.
- Direct obligations of the United States Treasury that are sold at discount or have semi-annual interest payments, i.e. U.S. Treasury bills, notes, and bonds.

As of December 31, 2010, the District had invested \$5,670,951 in the Colorado Government Liquid Asset Trust (COLOTRUST). This investment pool was established for local government entities in Colorado to pool surplus funds for investment purposes by State statute. These funds operate similarly to a money market fund, and each share is equal in value to \$1.00. Investments in local government investment pools are not evidenced by securities that exist in physical or book form. Investments consist of U.S. Treasury bills, notes and repurchase agreements collateralized by U.S. Treasury securities. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. Financial statements for COLOTRUST may be obtained at www.colotrust.com. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST.

Interest Rate Risk – The District's investment policy states that the District will appropriately diversify the investment portfolio among investment types and maturities as a means of limiting its exposure to fair value losses arising from prevailing market interest rates.

Credit Risk – The District's investment policy limits investments in higher risk instruments, such as derivatives. The policy does not specifically address nationally recognized credit ratings for investments.

Concentration of Credit Risk - The District's investment policy limits over-concentration in securities from specific issuers; a business sector, excluding U.S. Treasury Securities; or single class of securities.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

| | <u>Fair Market Value</u> | <u>Maturity</u> | <u>Rating</u> |
|-------------------------|--------------------------|-------------------|---------------|
| COLOTRUST | \$ 5,670,951 | N/A | AAAm |
| Certificates of Deposit | 3,013,310 | 5/31/11 - 9/30/11 | None |
| Federal Home Loan Bonds | 2,025,914 | 5/30/2012 | AAA |
| Total Investments | <u>\$ 10,710,175</u> | | |

Cash and investments reported on the statement of net assets at December 31, 2010 are as follows:

| | <u>Cash and Cash Equivalents</u> | <u>Investments</u> |
|---|--------------------------------------|----------------------|
| Fund Reporting Level: | | |
| Governmental Funds - Balance Sheet | \$ 1,338,465 | \$ 4,537,237 |
| Governmental Funds - Restricted | | |
| - Debt Service | | 1,889,372 |
| Proprietary Fund Type Statement of Net Assets | | |
| - Unrestricted | | 4,283,566 |
| Total Cash and Investments | <u>\$ 1,338,465</u> | <u>\$ 10,710,175</u> |

NOTE 3: CAPITAL ASSETS

In 2010, the District implemented GASB 51, *Accounting and Financial Reporting for Intangible Assets*. Intangible assets owned by the District include water rights and easements. The District's policy previous to GASB 51 was to record and depreciate water rights. Therefore, no adjustments for water rights were required with the implementation of GASB 51. Easements have an indefinite useful life, and GASB 51 does not require such intangible assets to be retroactively recorded. As a result, no adjustments for easements were required with the implementation of GASB 51. The District purchased no new intangible assets during 2010.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 3: CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2010, was as follows:

| | Balance 12/31/2009 | Additions | Deductions | Balance 12/31/2010 |
|---|-----------------------|-----------|------------|-----------------------|
| Governmental Activities | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Infrastructure | \$ 11,250,957 | \$ | \$ | \$ 11,250,957 |
| Total Capital Assets Not Being Depreciated | 11,250,957 | | | 11,250,957 |
| Depreciable Capital Assets: | | | | |
| Machinery & Equipment | 2,781,380 | 170,178 | (86,796) | 2,864,762 |
| Accumulated Depreciation: | | | | |
| Machinery & Equipment | (721,433) | (169,588) | 86,796 | (804,225) |
| Total Capital Assets Being Depreciated, Net | 2,059,947 | 590 | | 2,060,537 |
| Governmental Activities Capital Assets, Net | \$ 13,310,904 | \$ 590 | \$ | \$ 13,311,494 |

Depreciation expense by function:

| | |
|--|-------------------|
| Governmental Activities: | |
| General Government | \$ 31,753 |
| Public Works | 137,835 |
| Total Governmental Activities Depreciation Expense | <u>\$ 169,588</u> |

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 3: CAPITAL ASSETS (Continued)

| | Balance 12/31/2009 | Additions | Deductions | Balance 12/31/2010 |
|--|-----------------------|--------------|------------|-----------------------|
| Business-Type Activities | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 898,885 | \$ | \$ | \$ 898,885 |
| Depreciable Capital Assets: | | | | |
| Building | 5,707,742 | 7,046 | | 5,714,788 |
| Improvements Other Than Building | 28,966,125 | 116,196 | | 29,082,321 |
| Machinery & Equipment | 6,958,941 | 181,458 | | 7,140,399 |
| Water Rights | 2,694,232 | | | 2,694,232 |
| Total Depreciable Capital Assets | 44,327,040 | 304,700 | | 44,631,740 |
| Accumulated Depreciation: | | | | |
| Building | (1,250,674) | (130,121) | | (1,380,795) |
| Improvements Other Than Building | (5,572,070) | (681,473) | | (6,253,543) |
| Machinery & Equipment | (3,987,820) | (65,036) | | (4,052,856) |
| Water Rights | (525,235) | (28,094) | | (553,329) |
| Total Accumulated Depreciation | (11,335,799) | (904,724) | | (12,240,523) |
| Total Capital Assets Being Depreciated, Net | 32,991,241 | (600,024) | | 32,391,217 |
| Business-Type Activities Capital Assets, Net | \$ 33,890,126 | \$ (600,024) | \$ | \$ 33,290,102 |

Depreciation expense by function:

| | |
|---|------------|
| Business-Type Activities: | |
| Water and Sewer | \$ 904,724 |
| Total Business-Type Activities Depreciation Expense | \$ 904,724 |

Infrastructure

Historically, infrastructure assets were not reflected within the accounting records, nor was consumption of these assets measured. This category of assets typically includes roads, curbs and gutters, drainage systems, etc.

GASB Statement No. 34 provides for an alternative approach to depreciation for measuring the value of infrastructure assets and the related costs incurred to maintain their service lives at a locally established minimum standard. In order to adopt this alternative method, the District has elected to use the "Modified Approach." Total infrastructure recorded in the government-wide governmental activities capital assets is \$11,250,957.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 4: INTERFUND BALANCES

Interfund balances reported on the statement of net assets at December 31, 2010, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made.

| | <u>Due From</u> | <u>Due To</u> |
|----------------------------|-----------------|-----------------|
| General Fund | \$ | \$ 1,225 |
| Debt Service Fund | 368 | |
| Water and Sewer Enterprise | 857 | |
| Total | <u>\$ 1,225</u> | <u>\$ 1,225</u> |

Interfund transfers represent annual funds transferred from the General fund to the Water and Sewer Enterprise fund up to a maximum of ten percent of total enterprise service revenue.

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|----------------------------|--------------------|---------------------|
| General Fund | \$ | \$ 356,430 |
| Water and Sewer Enterprise | 356,430 | |
| Total | <u>\$ 356,430</u> | <u>\$ 356,430</u> |

NOTE 5: LONG-TERM DEBT

General Obligation Refunding Bonds

General Obligation Refunding Bonds, Series 2008, were issued on December 5, 2008, in the amount of \$9,545,000, with interest rates starting at 4% in 2009 and gradually decreasing to 3.75% in 2014. The bonds were issued to advance refund \$9,660,000 of outstanding General Obligation Bonds Series 1997. Net proceeds of \$9,712,840 (after payment of \$102,691 in underwriting fees, insurance, and other issuance costs) were deposited with an escrow agent to provide for all future debt service payments on the 1997 Series bonds. As a result, the 1997 Series bonds are considered to be defeased, and the liability for those bonds has been removed from the statement of net assets.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 5: LONG-TERM DEBT (Continued)

General Obligation Refunding Bonds (Continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$52,840. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2015 using the effective-interest method. The balance in this account was \$37,742 as of December 31, 2010.

The advance refunding resulted in a net economic gain (difference between the present values of the old and new debt service payments) of \$528,672. The difference in the cash flows required to service the old debt and the new debt is \$643,672.

The bonds were issued at a premium (difference between the face value of the bonds and the price they were issued for) of \$270,531. This difference, reported in the accompanying financial statements as an addition to bonds payable, is being charged to operations through the year 2015 using the effective-interest method. The balance in this account was \$193,237 as of December 31, 2010

The requirements to amortize the revenue refunding bonds outstanding as of December 31, 2010, including interest, are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2011 | \$ 1,315,000 | \$ 277,450 | \$ 1,592,450 |
| 2012 | 1,365,000 | 224,850 | 1,589,850 |
| 2013 | 1,425,000 | 170,250 | 1,595,250 |
| 2014 | 1,480,000 | 113,250 | 1,593,250 |
| 2015 | 1,540,000 | 57,750 | 1,597,750 |
| Total | <u>\$ 7,125,000</u> | <u>\$ 843,550</u> | <u>\$ 7,968,550</u> |

Business-type Activities

Water and Sewer Revenue Refunding Bonds, Series 2003, were issued on December 15, 2003, in the amount of \$2,005,000, with interest rates starting at 1.2% in 2004 and gradually increasing to 3.9% in 2015. The bonds were issued to advance refund \$1,873,783 of outstanding Revenue Bonds Series 1996 and 2001. Net proceeds of \$1,997,940 (after payment of \$47,740 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 5: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1996 and 2001 Series bonds. As a result, the 1996 and 2001 Series bonds are considered to be defeased, and the liability for those bonds has been removed from the statement of net assets.

The advance refunding resulted in a net economic gain (difference between the present values of the old and new debt service payments) of \$119,706.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$84,855. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2015 using the effective-interest method. The balance in this account was \$39,167 as of December 31, 2010.

Bond issuance costs of \$72,260 are being charged to operations through the year 2015 using the effective-interest method. The balance in this account was \$33,354 as of December 31, 2010.

The Water and Sewer Revenue Refunding Bond is payable from and collateralized by the District's water and sewer revenues in the amount of approximately \$1,026,795 through 2015. Principal and interest paid for the current year and pledged revenues received were each \$209,215. The proportion of the pledged revenue to total water and sewer revenues is not estimable because annual total fees collected fluctuate. The original purpose of the bonds was for construction of the water treatment facility. The District is required to maintain certain minimum deposits, as defined in the bond resolution, to meet debt service requirements. The requirements to amortize the revenue refunding bonds outstanding as of December 31, 2010, including interest, are as follows:

| Year | Principal | Interest | Total |
|-------|-------------------|-------------------|---------------------|
| 2011 | \$ 170,000 | \$ 33,945 | \$ 203,945 |
| 2012 | 175,000 | 28,165 | 203,165 |
| 2013 | 185,000 | 21,865 | 206,865 |
| 2014 | 190,000 | 15,020 | 205,020 |
| 2015 | 200,000 | 7,800 | 207,800 |
| Total | <u>\$ 920,000</u> | <u>\$ 106,795</u> | <u>\$ 1,026,795</u> |

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 5: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

On May 25, 2006, the District entered into a Drinking Water Revolving Fund (DWRf) Loan with the Colorado Water Resources and Power Development Authority (CWRPDA), in the principal amount of \$2,000,000 for 20 years at an annual interest rate of 3.75% for construction of a transfer station and associated piping to enable the transfer of raw water between the District's water treatment plants. The bond is payable from and collateralized by the District's water and sewer revenues in the amount of approximately \$2,321,583 through 2026. Principal and interest paid for the current year and pledged revenues received were each \$145,099. The proportion of the pledged revenue to total water and sewer revenues is not estimable because annual total fees collected fluctuate. The repayment schedule for the loan, as of December 31, 2010, including interest, is as follows:

| | Principal | Interest | Total |
|-----------|---------------------|-------------------|---------------------|
| 2011 | \$ 80,826 | \$ 64,273 | \$ 145,099 |
| 2012 | 83,886 | 61,213 | 145,099 |
| 2013 | 87,061 | 58,038 | 145,099 |
| 2014 | 90,356 | 54,743 | 145,099 |
| 2015 | 93,777 | 51,322 | 145,099 |
| 2016-2020 | 524,891 | 200,604 | 725,495 |
| 2021-2025 | 632,041 | 93,454 | 725,495 |
| 2026 | 141,117 | 3,981 | 145,098 |
| Total | <u>\$ 1,733,955</u> | <u>\$ 587,628</u> | <u>\$ 2,321,583</u> |

On November 6, 2006, the District obtained an additional DWRf loan with CWRPDA in the principal amount of \$250,000 for 20 years at an annual interest rate of 3.75% for additional costs associated with the project. The bond is payable from and collateralized by the District's water and sewer revenues in the amount of approximately \$296,717 through 2027. Principal and interest paid for the current year and pledged revenues received were each \$17,983. The proportion of the pledged revenue to total water and sewer revenues is not estimable because annual total fees collected fluctuate. The repayment schedule for the loan as of December 31, 2010, including interest, is as follows:

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 5: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|------------------|-------------------|
| 2011 | \$ 9,832 | \$ 8,151 | \$ 17,983 |
| 2012 | 10,205 | 7,778 | 17,983 |
| 2013 | 10,591 | 7,392 | 17,983 |
| 2014 | 10,992 | 6,991 | 17,983 |
| 2015 | 11,408 | 6,575 | 17,983 |
| 2016-2020 | 63,854 | 26,059 | 89,913 |
| 2021-2025 | 76,889 | 13,024 | 89,913 |
| 2026-2027 | 25,995 | 981 | 26,976 |
| Total | <u>\$ 219,766</u> | <u>\$ 76,951</u> | <u>\$ 296,717</u> |

Changes in Long-term Debt

Changes in the District's long-term obligations consisted of the following for the year ended December 31, 2010:

| | <u>Outstanding 1/1/2010</u> | <u>Additions</u> | <u>Reductions</u> | <u>Outstanding 12/31/2010</u> | <u>Amounts Due in One Year</u> |
|----------------------------------|---------------------------------|------------------|---------------------|-----------------------------------|------------------------------------|
| Governmental Activities | | | | | |
| 2008 GO Refunding Bonds | \$ 8,355,000 | \$ | \$ 1,230,000 | \$ 7,125,000 | \$ 1,315,000 |
| Deferred Amount on Refunding | (45,291) | | (7,549) | (37,742) | (7,549) |
| Cost of Issuance (2008 GO Bonds) | (88,021) | | (14,670) | (73,351) | (14,670) |
| Bond Premium (2008 GO Bonds) | 231,884 | | 38,647 | 193,237 | 38,647 |
| Compensated Absences | 19,354 | 38,137 | 38,100 | 19,391 | 1,500 |
| Total Governmental Activities | <u>\$ 8,472,926</u> | <u>\$ 38,137</u> | <u>\$ 1,284,528</u> | <u>\$ 7,226,535</u> | <u>\$ 1,332,928</u> |
| Business-Type Activities | | | | | |
| 2003 Water Revenue Refunding | \$ 1,090,000 | \$ | \$ 170,000 | \$ 920,000 | \$ 170,000 |
| DWRF Loan - May 2006 | 1,811,834 | | 77,879 | 1,733,955 | 80,826 |
| DWRF Loan - November 2006 | 229,240 | | 9,474 | 219,766 | 9,832 |
| Compensated Absences | 24,080 | 47,583 | 45,679 | 25,984 | 1,500 |
| Total Business-Type Activities | <u>\$ 3,155,154</u> | <u>\$ 47,583</u> | <u>\$ 303,032</u> | <u>\$ 2,899,705</u> | <u>\$ 262,158</u> |

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 5: LONG-TERM DEBT (Continued)

The compensated absences liability will be paid from the fund from which the employees' salaries are paid, typically by allocation of the job description between the General fund and Enterprise fund.

As of December 31, 2010, the District had authorized but unissued debt in the amount of \$46,645,000.

NOTE 6: DEFINED BENEFIT PENSION PLAN

Description of the Plan

The District contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA).

The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the LGDTF. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Basis of Accounting

The financial statements of the LGDTF 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 member and the employer is statutorily committed to pay these contributions to the LGDTF. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The LGDTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4, of the CRS, as amended. The contribution rates for members is 8.0 percent, and for the District, it is 10.00 percent of covered salary. A portion of the District's contribution (1.02 percent of covered salary) is allocated to the Health Care Trust Fund (See Note 7). The District is also required to pay an amortization equalization disbursement (AED) equal to 2.20 percent of the total payroll for the calendar year 2010 (1.80 percent of total payroll for the calendar year 2009, and 1.40 percent of total payroll for the calendar year 2008). Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50 percent of total payroll for calendar year 2010 (1.00 percent of total payroll for the calendar year 2009, and 0.50 percent of total payroll for the calendar year 2008). If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay the employer contribution rate, the AED and the SAED on the amounts paid for the retiree; however, no member contributions are required. For 2010, the District's covered salary was \$999,588. The District's contributions to LGDTF for the years ending December 31, 2010, 2009, and 2008, were \$137,404, \$125,913, and \$102,573, respectively, equal to its required contributions for each year. Employee contributions to PERA for the years ending December 31, 2010, 2009, and 2008 were \$79,967, \$78,330, and \$68,957, respectively.

NOTE 7: POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit post-employment health care trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12, of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 7: POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Plan Description (Continued)

at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Basis of Accounting for the HCTF

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

Funding Policy

The District is required to contribute at a rate of 1.02 percent of covered salary for all PERA members, as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4, of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208, of the CRS, as amended. This percentage has not changed since 2004. The District's contributions to HCTF for the years ending December 31, 2010, 2009, and 2008, were \$10,196, \$9,987, and \$8,792, respectively, equal to the required contributions for each year.

NOTE 8: DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Employees of the District who are members of the LGDTF (see Note 6) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code (IRC) Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14, of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available annual financial report that

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 8: DEFINED CONTRIBUTION PENSION PLAN (Continued)

Plan Description (Continued)

includes financial statements and required supplementary information for the 401(k) Plan. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 for calendar year 2010 and \$16,500 for calendar year 2009). Catch up contributions up to \$5,500 for the calendar year 2010 and \$5,500 for the calendar year 2009 were allowed for participants who had attained the age of 50 before the close of the plan year, subject to limitations of IRC §414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402, of the CRS, as amended. For the year ending December 31, 2010 and 2009, the 401(k) Plan member contributions from the District were \$13,238 and \$13,689, respectively.

NOTE 9: INTER-GOVERNMENTAL AGREEMENT

In 1989, the District, the Town of Castle Rock, and Castle Pines North Metropolitan District agreed to establish the Plum Creek Wastewater Authority (PCWA). The purpose of PCWA is to provide wastewater treatment within the region to the members and other local governments. The District transferred title of the Castle Pines Wastewater plant to PCWA in June 1990. During 2010 and 2009, PCWA charged the District \$252,049 and \$261,221, respectively, for the treatment of the District's wastewater.

On December 14, 1989, the District entered into an agreement with PCWA to provide administrative, managerial and operational services. During 2010 and 2009, the District received \$22,308 and \$29,764, respectively, as a fee for providing these services. The agreement was renewed for two years on October 20, 2009. The manager for the District is also the manager for PCWA.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 10: NET ASSETS

The “invested in capital assets, net of related debt:” amounts reported on the government-wide statement of net assets as of December 31, 2010 are determined as follows:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|------------------------------------|-------------------------------------|
| Invested in Capital Assets, Net of Related Debt: | | |
| Cost of Capital Assets | \$ 14,115,719 | \$ 45,530,625 |
| Less Accumulated Depreciation | <u>(804,225)</u> | <u>(12,240,523)</u> |
| Net Capital Assets | 13,311,494 | 33,290,102 |
| Less Capital Related Debt | (7,125,000) | (2,873,721) |
| Plus Deferred Refunding Amounts | 37,742 | 39,167 |
| Less Bond Premium | <u>(193,237)</u> | |
| Invested in Capital Assets, Net of Related Debt | <u>\$ 6,030,999</u> | <u>\$ 30,455,548</u> |

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the District carries commercial insurance. Claims have not exceeded coverage in any of the three preceding years.

In October 2002, the District joined the Colorado Special Districts Property and Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for member special districts in Colorado. The District pays annual premiums to the Pool for defined property and liability coverage.

The Pool agreement also gives the Board of Directors of the Pool the power to establish that additional contributions, at such times and in such amounts as the Board determines, are needed for the purposes of the Pool. The Board may decide to distribute surplus funds among members; however, the District did not receive any such distribution for the year ended December 31, 2010. Claims have not exceeded coverage in any of the three preceding years.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 12: TABOR AMENDMENT

Colorado voters passed an amendment to the State Constitution in 1992. Article X, Section 20, (TABOR) has several limitations, including revenue raising, spending abilities, and other specific requirements for state and local governments.

The District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District is of the opinion that water and sewer operations of the District qualify for this exclusion.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

TABOR requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending (excluding bonded debt service) in 1995 and thereafter. Emergency reserves, as of December 31, 2010, totaling \$62,000 have been presented as a reservation of fund balance in the General fund.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE 12: TABOR AMENDMENT (Continued)

The District is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary benefit increases.

TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue. On May 2, 2000, citizens voted to allow the District to collect, spend and retain all revenues and proceeds generated from any source since December 31, 1998 without regard to any limitation under TABOR. The citizens also authorized the permanent waiver of the 5.5% statutory limit.

NOTE 13: SUBSEQUENT EVENT

On March 17, 2011, the District approved a construction contract for the Happy Canyon Roundabout Project in the amount of \$1,372,528.

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REQUIRED SUPPLEMENTARY INFORMATION

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CASTLE PINES METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2010

| | Original/Final Budget | Actual | Variance |
|---|--------------------------|---------------------|---------------------|
| REVENUES | | | |
| Property Taxes | \$ 3,517,065 | \$ 3,736,222 | \$ 219,157 |
| Specific Ownership Tax | 360,000 | 366,381 | 6,381 |
| Charges for Services | 92,311 | 91,911 | (400) |
| Investment Earnings | 45,000 | 50,421 | 5,421 |
| Miscellaneous | 10,000 | 5,675 | (4,325) |
| Total Revenues | <u>4,024,376</u> | <u>4,250,610</u> | <u>226,234</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 1,247,559 | 1,344,434 | (96,875) |
| Public Works | 938,679 | 867,043 | 71,636 |
| Capital Outlay | 1,135,096 | 170,178 | 964,918 |
| Total Expenditures | <u>3,321,334</u> | <u>2,381,655</u> | <u>939,679</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>703,042</u> | <u>1,868,955</u> | <u>1,165,913</u> |
| OTHER FINANCING USES | | | |
| Transfer Out | <u>(356,430)</u> | <u>(356,430)</u> | |
| Total Other Financing Uses | <u>(356,430)</u> | <u>(356,430)</u> | |
| Net Change in Fund Balance | 346,612 | 1,512,525 | 1,165,913 |
| FUND BALANCE, Beginning of Year | <u>4,430,098</u> | <u>4,430,098</u> | |
| FUND BALANCE, End of Year | <u>\$ 4,776,710</u> | <u>\$ 5,942,623</u> | <u>\$ 1,165,913</u> |

Notes:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT
INFRASTRUCTURE CONDITION AND MAINTENANCE DATA
December 31, 2010

MODIFIED APPROACH FOR CASTLE PINES METROPOLITAN STREETS -
INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, Castle Pines Metropolitan District (District) is required to account for and report infrastructure capital assets. The District has several major infrastructure systems, including the street system. Each major infrastructure system can be divided into subsystems. For example, the streets can be divided into concrete and asphalt pavements, concrete curb and gutters, streetlights, traffic control devices (signs, signals, and pavement markings), and land. Subsystem detail is not presented in these basic financial statements; however, the District maintains detailed information on these subsystems.

The District has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Street Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The District manages the eligible infrastructure capital assets using The Paver 5.1 Pavement Management System with characteristics of (1) maintaining an up-to-date inventory; (2) performing condition assessments and summarizing the results using a measurement scale; (3) estimating the annual amount to maintain and preserve at the established condition assessment level.
- The District documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level. The District's Pavement Management System conducts condition assessment surveys on approximately 2/3 of the street system annually. District streets are classified based on traffic utilization into the following classifications: collector or local. Each street was assigned a physical condition based on potential defects.

| <u>Condition</u> | <u>Rating</u> |
|------------------|------------------|
| Good or Better | 85 - 100 PCI |
| Fair | 70 - 85 PCI |
| Substandard | Less than 70 PCI |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT
INFRASTRUCTURE CONDITION AND MAINTENANCE DATA (Continued)
December 31, 2010

MODIFIED APPROACH FOR CASTLE PINES METROPOLITAN STREETS –
INFRASTRUCTURE CAPITAL ASSETS (Continued)

The District's policy is to achieve a rating of 85 PCI or higher on all streets. This rating allows minor cracking and oxidation of the pavement with minor roughness that could be noticeable. Assessments of the road are normally conducted annually. The District's three most recent assessment conditions are as follows:

| <u>Condition Distribution</u> | <u>2010</u> | <u>2008</u> | <u>2007</u> |
|-------------------------------|-------------|-------------|-------------|
| Good or Better | 93.66% | 92.23% | 93.36% |
| Fair | 6.34% | 7.77% | 6.64% |
| Poor | 0.00% | 0.00% | 0.00% |

The District completed an assessment in the fall of 2010 that consist of 2009 and 2010 capital improvement projects used in the assessment.

The District's streets are constantly deteriorating resulting from the following five factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; (4) winter freeze/thaw conditions and water damage from both natural and other urban run-off; and (5) growth of the existing streets system.

The District expended \$348,046 and \$362,929 in 2010 and 2009, respectively, on street maintenance and street rehabilitation. These expenditures delayed deterioration; however, the overall condition of the streets was not improved through these maintenance expenditures. The District has estimated the amount of annual expenditures required to maintain streets at an 85 PCI rating. A schedule of estimated and actual annual expenditures for the street maintenance for the last six years is presented below:

| <u>Year</u> | <u>Maintenance Estimate</u> | <u>Actual</u> |
|-------------|---------------------------------|---------------|
| 2005 | \$ 200,000 | \$ 194,404 |
| 2006 | 200,000 | 227,918 |
| 2007 | 250,000 | 251,624 |
| 2008 | 250,000 | 245,355 |
| 2009 | 250,000 | 362,929 |
| 2010 | \$ 350,000 | \$ 348,046 |

See the accompanying independent auditors' report.

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SUPPLEMENTARY INFORMATION

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CASTLE PINES METROPOLITAN DISTRICT

GENERAL FUND
COMPARATIVE BALANCE SHEET

December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|-------------------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 1,338,465 | \$ 1,155,819 |
| Investments | 4,537,237 | 3,292,206 |
| Cash with Fiscal Agent | 26,224 | 31,116 |
| Receivables: | | |
| Accounts | 98,941 | 98,752 |
| Accrued Interest | 950 | 5,495 |
| Property Taxes | 3,724,887 | 3,696,384 |
| Interfund | 1,225 | |
| Prepays | 21,626 | |
| Inventory | 3,426 | 4,592 |
| Total Current Assets | <u>9,752,981</u> | <u>8,284,364</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 84,043 | 72,991 |
| Accrued Expenditures | 1,428 | 629 |
| Interfund | | 84,262 |
| Deferred Revenue | 3,724,887 | 3,696,384 |
| Total Current Liabilities | <u>3,810,358</u> | <u>3,854,266</u> |
| FUND BALANCE | | |
| Reserved for Inventory | 3,426 | 4,592 |
| Reserved for Prepays | 21,626 | |
| Reserved for Tabor Amendment | 62,000 | 67,000 |
| Unreserved, Undesignated | 5,855,571 | 4,358,506 |
| Total Fund Balance | <u>5,942,623</u> | <u>4,430,098</u> |
| Total Liabilities and Fund Balance | <u>\$ 9,752,981</u> | <u>\$ 8,284,364</u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|--------------------------------------|----------------------------|----------------------------|
| REVENUES | | |
| Property Taxes | \$ 3,736,222 | \$ 3,153,577 |
| Specific Ownership Tax | 366,381 | 355,933 |
| Investment Earnings | 50,421 | 25,109 |
| Charges for Services | 91,911 | 94,725 |
| Miscellaneous | <u>5,675</u> | <u>2,023</u> |
| Total Revenues | <u>4,250,610</u> | <u>3,631,367</u> |
| EXPENDITURES | | |
| Current: | | |
| General Government | 1,344,434 | 1,261,397 |
| Public Works | 867,043 | 944,862 |
| Capital Outlay | <u>170,178</u> | <u>177,767</u> |
| Total Expenditures | <u>2,381,655</u> | <u>2,384,026</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>1,868,955</u> | <u>1,247,341</u> |
| OTHER FINANCING USES | | |
| Transfer Out | <u>(356,430)</u> | <u>(155,800)</u> |
| Total Other Financing Uses | <u>(356,430)</u> | <u>(155,800)</u> |
| Net Change in Fund Balance | 1,512,525 | 1,091,541 |
| FUND BALANCE, Beginning of Year | <u>4,430,098</u> | <u>3,338,557</u> |
| FUND BALANCE, End of Year | <u><u>\$ 5,942,623</u></u> | <u><u>\$ 4,430,098</u></u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET

December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|---------------------|---------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Investments | \$ 1,889,372 | \$ 1,776,306 |
| Receivables: | | |
| Accrued Interest | 1,010 | 2,444 |
| Property Taxes | 1,722,845 | 1,674,835 |
| Interfund | | 1,240 |
| Total Current Assets | <u>3,613,227</u> | <u>3,454,825</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| CURRENT LIABILITIES | | |
| Deferred Property Tax | 1,722,845 | 1,674,835 |
| Interfund Payable | 368 | |
| Total Current Liabilities | <u>1,723,213</u> | <u>1,674,835</u> |
| FUND BALANCE | | |
| Reserved | <u>1,890,014</u> | <u>1,779,990</u> |
| Total Liabilities and Fund Balance | <u>\$ 3,613,227</u> | <u>\$ 3,454,825</u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT

DEBT SERVICE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|--------------------------------------|---------------------|---------------------|
| REVENUES | | |
| Property Taxes | \$ 1,679,348 | \$ 1,604,125 |
| Investment Earnings | 11,906 | 11,658 |
| Miscellaneous | 762 | 3,214 |
| Total Revenues | <u>1,692,016</u> | <u>1,618,997</u> |
| EXPENDITURES | | |
| Current: | | |
| General Government | 25,342 | 24,170 |
| Debt Service: | | |
| Principal Retirement | 1,230,000 | 1,190,000 |
| Interest and Fiscal Charges | 326,650 | 363,854 |
| Bond Agent Fees | | 500 |
| Total Expenditures | <u>1,581,992</u> | <u>1,578,524</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>110,024</u> | <u>40,473</u> |
| Net Change in Fund Balance | 110,024 | 40,473 |
| FUND BALANCE, Beginning of Year | <u>1,779,990</u> | <u>1,739,517</u> |
| FUND BALANCE, End of Year | <u>\$ 1,890,014</u> | <u>\$ 1,779,990</u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2010

| | Original/Final Budget | Actual | Variance |
|--------------------------------------|--------------------------|---------------------|------------------|
| REVENUES | | | |
| Property Tax | \$ 1,591,093 | \$ 1,679,348 | \$ 88,255 |
| Investment Earnings | 18,400 | 11,906 | (6,494) |
| Miscellaneous | | 762 | 762 |
| Total Revenues | <u>1,609,493</u> | <u>1,692,016</u> | <u>82,523</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 28,221 | 25,342 | 2,879 |
| Debt Service: | | | |
| Principal Retirement | 1,230,000 | 1,230,000 | |
| Interest and Fiscal Charges | 326,650 | 326,650 | |
| Bond Issuance Costs and Agent Fees | 1,000 | | 1,000 |
| Total Expenditures | <u>1,585,871</u> | <u>1,581,992</u> | <u>3,879</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 23,622 | 110,024 | 86,402 |
| FUND BALANCE, Beginning of Year | <u>1,798,981</u> | <u>1,779,990</u> | <u>(18,991)</u> |
| FUND BALANCE, End of Year | <u>\$ 1,822,603</u> | <u>\$ 1,890,014</u> | <u>\$ 67,411</u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT

WATER AND SEWER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - (Non-GAAP Budgetary Basis)

For the Year Ended December 31, 2010

(With Comparative Actual Amounts for the Year Ended December 31, 2009)

| | 2010 | | | |
|---|--------------------------|--------------|------------|--------------|
| | Original/Final Budget | Actual | Variance | 2009 |
| REVENUES | | | | |
| Charges for Services | \$ 3,245,666 | \$ 3,408,094 | \$ 162,428 | \$ 3,119,360 |
| Effluent Pumping | 272,988 | 325,755 | 52,767 | 199,466 |
| Developers Contributions | | | | 1,259,606 |
| Investment Earnings | 30,000 | 28,873 | (1,127) | 17,987 |
| Revenue Rebate | 10,000 | | (10,000) | 9,618 |
| Meter Sales, Net | 2,150 | 840 | (1,310) | |
| Miscellaneous | 3,500 | 5,427 | 1,927 | 6,244 |
| Operating Transfers In | 356,430 | 356,430 | | 155,800 |
| Total Revenues | 3,920,734 | 4,125,419 | 204,685 | 4,768,081 |
| EXPENSES | | | | |
| Administration | 834,506 | 820,831 | 13,675 | 815,285 |
| System Operation | 1,733,137 | 1,513,607 | 219,530 | 1,385,243 |
| Water Resources | 218,204 | 215,841 | 2,363 | |
| Capital Outlay | 336,270 | 304,700 | 31,570 | 1,189,258 |
| Debt Principal | 257,353 | 257,353 | | 244,167 |
| Debt Interest/Amortization | 115,944 | 125,027 | (9,083) | 133,016 |
| Total Expenses | 3,495,414 | 3,237,359 | 258,055 | 3,766,969 |
| Net Change in Net Assets (Non-GAAP) | 425,320 | 888,060 | \$ 462,740 | 1,001,112 |
| Fund Balance, Beginning of Year | 4,183,973 | | | |
| Fund Balance, End of Year | \$ 4,609,293 | | | |
| RECONCILIATION OF REVENUE AND EXPENSES - GAAP BASIS TO BUDGETARY BASIS | | | | |
| Adjustments: | | | | |
| Revenues Which are not Revenues for Budgetary Purposes: | | | | |
| Developer Contributions | | | | (1,259,606) |
| Expenses Which are not Expenditures for Budgetary Purposes: | | | | |
| Depreciation | | (904,724) | | (849,882) |
| Expenditures for Budgetary Purposes: | | | | |
| Capital Outlay | | 304,700 | | 1,189,258 |
| Principal Payments on Revenue Bonds and Loans | | 257,353 | | 244,167 |
| Contributed Capital | | | | 1,259,606 |
| Net Change in Net Assets - GAAP Basis | | \$ 545,389 | | \$ 1,584,655 |

See the accompanying independent auditors' report.

STATISTICAL SECTION

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CASTLE PINES METROPOLITAN DISTRICT
Primary Government
Net Assets by Component
(Unaudited)

Last Ten Years

| Description | Fiscal Year | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| Governmental Activities: | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 6,030,999 | 4,769,311 | 3,356,752 | 1,077,428 | -457,737 | 10,462,431 | 9,482,351 | 0 | -14,544,337 | -15,390,407 |
| Restricted for: | | | | | | | | | | |
| Pre-paid items | | | | | | | | 260 | 8,126 | |
| Debt Service | 0 | 0 | 1,740,866 | 1,786,116 | 1,769,419 | 1,501,172 | 1,391,364 | 853,064 | 569,732 | 201,185 |
| Tabor | 62,000 | 67,000 | 57,000 | 61,500 | 54,406 | 49,966 | 40,173 | 26,276 | 26,276 | 26,276 |
| Unrestricted | 7,801,476 | 6,184,534 | 3,114,709 | 2,788,772 | 2,393,399 | -10,901,782 | -11,798,820 | -12,657,506 | 1,062,202 | 1,206,978 |
| Subtotal Governmental Activities Net Assets | 13,894,475 | 11,020,845 | 8,269,327 | 5,713,816 | 3,759,487 | 1,111,787 | -884,932 | -11,777,906 | -12,878,001 | -13,955,968 |
| % change from prior year | 26.07% | 33.27% | 44.73% | 51.98% | 238.15% | 225.64% | 92.49% | 8.54% | 7.72% | n/a |
| Business-type Activities: | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 30,455,548 | 30,804,746 | 28,908,152 | 28,647,722 | 30,931,207 | 24,089,791 | 22,875,585 | 21,374,772 | 21,618,956 | 18,445,539 |
| Restricted for: | | | | | | | | | | |
| Construction | | | | | | | | 189,773 | 188,144 | 1,184,394 |
| Debt Service | | | | | | | | 25,061 | 97,885 | 96,247 |
| Customer Deposits | 0 | 0 | 0 | 8,225 | 4,700 | 10,575 | | | | |
| Unrestricted | 4,327,127 | 3,432,540 | 3,744,479 | 3,517,040 | 3,958,729 | 3,672,089 | 3,031,282 | 2,424,509 | 1,672,564 | 1,267,539 |
| Subtotal Business-type Activities Net Assets | 34,782,675 | 34,237,286 | 32,652,631 | 32,172,987 | 34,894,636 | 27,772,455 | 25,906,867 | 24,014,115 | 23,577,549 | 20,993,719 |
| % change from prior year | 1.59% | 4.85% | 1.49% | -7.80% | 25.64% | 7.20% | 7.88% | 1.85% | 12.31% | n/a |
| Primary Government: | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 36,486,547 | 35,574,057 | 32,264,904 | 29,725,150 | 30,473,470 | 34,552,222 | 32,357,936 | 21,374,772 | 7,074,619 | 3,055,132 |
| Restricted for: | | | | | | | | | | |
| Pre-paid items | | | | | | | | 260 | 8,126 | 0 |
| Construction | | | | | | | | 189,773 | 188,144 | 1,184,394 |
| Debt Service | 0 | 0 | 1,740,866 | 1,786,116 | 1,769,419 | 1,501,172 | 1,391,364 | 878,125 | 667,617 | 297,432 |
| Tabor | 62,000 | 67,000 | 57,000 | 61,500 | 54,406 | 49,966 | 40,173 | 26,276 | 26,276 | 26,276 |
| Customer Deposits | 0 | 0 | 0 | 8,225 | 4,700 | 10,575 | 0 | 0 | 0 | 0 |
| Unrestricted | 12,128,603 | 9,617,074 | 6,859,188 | 6,305,812 | 6,352,128 | -7,229,693 | -8,767,538 | -10,232,997 | 2,734,766 | 2,474,517 |
| Total Primary Government Net Assets (2) | 48,677,150 | 45,258,131 | 40,921,958 | 37,886,803 | 38,654,123 | 28,884,242 | 25,021,935 | 12,236,209 | 10,699,548 | 7,037,751 |
| % change from prior year | 7.55% | 10.60% | 8.01% | -1.99% | 33.82% | 15.44% | 104.49% | 14.36% | 52.03% | n/a |

CASTLE PINES METROPOLITAN DISTRICT

Primary Government Changes in Net Assets (Unaudited)

Last Ten Years

| | Fiscal Year | | | | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| Expenses | | | | | | | | | | |
| <i>Governmental Activities:</i> | | | | | | | | | | |
| General Government | 1,385,138 | 1,299,503 | 1,175,988 | 1,188,737 | 1,185,407 | 992,333 | 829,837 | 796,043 | 779,076 | 633,605 |
| Public Work | 1,004,878 | 1,069,781 | 889,590 | 990,962 | 804,433 | 652,789 | 545,605 | 494,818 | 426,615 | 439,846 |
| Interest | 322,550 | 361,254 | 527,297 | 600,428 | 647,898 | 688,070 | 720,500 | 751,300 | 775,775 | 792,740 |
| Total Government Activities Expenses | 2,712,566 | 2,730,538 | 2,592,875 | 2,780,127 | 2,637,738 | 2,333,192 | 2,095,942 | 2,042,161 | 1,981,466 | 1,866,191 |
| <i>Business-type Activities:</i> | | | | | | | | | | |
| Water and Sewer | 3,580,030 | 3,183,426 | 3,425,650 | 3,437,764 | 3,094,133 | 2,651,249 | 2,391,674 | 2,404,951 | 2,091,770 | 2,069,737 |
| Total Business-type Activities Expenses | 3,580,030 | 3,183,426 | 3,425,650 | 3,437,764 | 3,094,133 | 2,651,249 | 2,391,674 | 2,404,951 | 2,091,770 | 2,069,737 |
| Total Primary Government Expenses | 6,292,596 | 5,913,964 | 6,018,525 | 6,217,891 | 5,731,871 | 4,984,441 | 4,487,616 | 4,447,112 | 4,073,236 | 3,935,928 |
| Program Revenues | | | | | | | | | | |
| <i>Governmental Activities:</i> | | | | | | | | | | |
| Charges for Services | 91,911 | 94,725 | 81,952 | 91,410 | 83,626 | 84,926 | 11,100 | 7,900 | 3,445 | 4,100 |
| Public Works | 0 | 0 | 0 | 11,631 | 5,750 | 15,458 | 12,678 | 9,670 | 3,000 | 11,000 |
| Operating Grants and Contributions | 0 | 387,492 | 170,420 | 69,450 | 757,640 | 383,604 | 1,782,821 | 0 | 0 | 0 |
| Capital Grants and Contributions | 91,911 | 482,217 | 252,372 | 172,491 | 847,016 | 483,988 | 1,806,599 | 17,570 | 6,445 | 15,100 |
| Total Governmental Activities Program Revenues | 183,822 | 564,434 | 404,744 | 323,952 | 1,688,038 | 867,968 | 1,957,218 | 24,040 | 9,890 | 29,200 |
| <i>Business-type Activities:</i> | | | | | | | | | | |
| Charges for Services | 3,739,276 | 3,325,070 | 3,227,833 | 2,821,576 | 2,700,128 | 2,328,758 | 1,983,112 | 1,996,833 | 1,848,308 | 1,714,610 |
| Water and Sewer | 0 | 1,259,606 | 266,551 | 281,500 | 7,095,700 | 1,863,081 | 2,025,726 | 439,418 | 2,587,293 | 1,896,001 |
| Capital Grants and Contributions | 3,739,276 | 4,584,676 | 3,494,384 | 3,103,076 | 9,795,828 | 4,191,839 | 4,008,838 | 2,436,251 | 4,435,601 | 3,610,611 |
| Total Business-type Activities Program Revenues | 7,478,552 | 9,169,352 | 6,988,768 | 6,206,152 | 16,591,656 | 8,383,678 | 16,019,674 | 4,472,502 | 8,871,202 | 5,220,222 |
| Total Primary Government Program Revenues | 7,662,374 | 9,733,786 | 7,393,512 | 6,530,104 | 18,280,694 | 9,251,646 | 18,016,892 | 4,496,542 | 8,881,092 | 5,249,422 |
| Net (Expenses) Revenues | | | | | | | | | | |
| <i>Governmental Activities</i> | -2,620,655 | -2,248,321 | -2,340,503 | -2,607,636 | -1,790,722 | -1,849,204 | -289,343 | -2,024,591 | -1,975,021 | -1,851,091 |
| <i>Business-type Activities</i> | 159,246 | 1,401,250 | 68,734 | -334,688 | 6,701,695 | 1,540,590 | 1,617,164 | 31,300 | 2,343,831 | 1,540,874 |
| Total Primary Government Net (Expenses) | -2,461,409 | -847,071 | -2,271,769 | -2,942,324 | 4,910,973 | -308,614 | 1,327,821 | -1,993,291 | 368,810 | -310,217 |

CASTLE PINES METROPOLITAN DISTRICT
Primary Government
Changes in Net Assets (1) (continued)
(Unaudited)

Last Ten Years

| | Fiscal Year | | | | | | | | | |
|--|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| General Revenue & Other Changes in Net Assets | | | | | | | | | | |
| Property Taxes | 5,415,570 | 4,757,702 | 4,597,156 | 4,108,022 | 3,953,991 | 3,493,875 | 3,297,906 | 2,907,504 | 2,791,393 | 2,263,058 |
| Specific Ownership Taxes | 366,381 | 355,933 | 392,036 | 415,719 | 398,200 | 380,165 | 370,075 | 359,246 | 356,846 | 332,665 |
| Other Taxes | 0 | 0 | 67,989 | 66,197 | 57,377 | 42,327 | 13,353 | 10,640 | 8,958 | 5,121 |
| Investment Earnings | 62,327 | 36,767 | 146,997 | 284,244 | 263,415 | 140,606 | 41,219 | 24,977 | 39,706 | 70,660 |
| Miscellaneous | 6,437 | 5,237 | 16,213 | 1,010 | 7,378 | 11,625 | 9,697 | 28,417 | 47,357 | 4,117 |
| Transfers | -356,430 | -155,800 | -324,377 | -313,227 | -241,939 | -222,675 | -233,167 | -30,000 | -191,272 | -154,502 |
| Total Governmental Activities | 5,494,285 | 4,999,839 | 4,896,014 | 4,561,965 | 4,438,422 | 3,845,923 | 3,499,083 | 3,300,784 | 3,052,988 | 2,521,119 |
| Business-type Activities | | | | | | | | | | |
| Unrestricted Investment Income | 28,873 | 17,987 | 81,114 | 174,698 | 143,685 | 79,908 | 31,806 | 21,590 | 37,435 | 63,224 |
| Miscellaneous | 840 | 9,618 | 5,419 | 19,135 | 34,862 | 22,415 | 37,905 | 61,538 | 35,466 | 55,974 |
| Transfers | 356,430 | 155,800 | 324,377 | 313,227 | 241,939 | 222,675 | 228,325 | 30,000 | 191,272 | 154,502 |
| Transfer of Assets | 0 | 0 | 0 | -2,894,021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Business-type Activities | 386,143 | 183,405 | 410,910 | -2,386,961 | 420,486 | 324,998 | 298,036 | 113,128 | 264,173 | 283,700 |
| Total Primary Government | 5,880,428 | 5,183,244 | 5,306,924 | 2,175,004 | 4,858,908 | 4,170,921 | 3,797,119 | 3,413,912 | 3,317,161 | 2,804,819 |
| Change in Net Assets | | | | | | | | | | |
| Governmental Activities | 2,873,630 | 2,751,518 | 2,555,511 | 1,954,329 | 2,647,700 | 1,996,719 | 3,209,740 | 1,276,193 | 1,077,967 | 670,028 |
| Business-type Activities | 545,389 | 1,584,655 | 479,644 | -2,721,649 | 7,122,181 | 1,865,588 | 1,915,200 | 144,428 | 2,608,004 | 1,824,574 |
| Total Primary Government | 3,419,019 | 4,336,173 | 3,035,155 | -767,320 | 9,769,881 | 3,862,307 | 5,124,940 | 1,420,621 | 3,685,971 | 2,494,602 |

CASTLE PINES METROPOLITAN DISTRICT

Governmental Funds Fund Balances (1) (Unaudited)

Last Ten Years

| | Fiscal Year | | | | | | | | | |
|--------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| General Fund: | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Inventory | 3,426 | 4,592 | | | | | | 260 | 8,126 | |
| Pre-paid Items | 21,626 | | | | | | | | | |
| Tabor | 62,000 | 67,000 | 57,000 | 61,500 | 54,406 | 49,966 | 40,173 | 26,276 | 26,276 | 26,276 |
| Unreserved: | | | | | | | | | | |
| Undesignated | 5,855,571 | 4,358,506 | 3,281,557 | 2,849,135 | 2,410,460 | 1,957,665 | 1,375,980 | 1,194,684 | 1,062,202 | 1,206,978 |
| Total General Fund | 5,942,623 | 4,430,098 | 3,338,557 | 2,910,635 | 2,464,866 | 2,007,631 | 1,416,153 | 1,221,220 | 1,096,604 | 1,233,254 |
| % change from prior year | 34.14% | 32.69% | 14.70% | 18.08% | 22.77% | 41.77% | 15.96% | 11.36% | -11.08% | n/a |
| Other Governmental Funds: | | | | | | | | | | |
| Reserved, Reported in: | | | | | | | | | | |
| Debt Service Fund | 1,890,014 | 1,779,990 | 1,739,517 | 1,785,407 | 1,768,936 | 1,500,774 | 1,390,807 | 853,064 | 569,732 | 201,185 |
| Total Other Governmental Funds | 1,890,014 | 1,779,990 | 1,739,517 | 1,785,407 | 1,768,936 | 1,500,774 | 1,390,807 | 853,064 | 569,732 | 201,185 |
| Total Governmental Funds (2) | 7,832,637 | 6,210,088 | 5,078,074 | 4,696,042 | 4,233,802 | 3,508,405 | 2,806,960 | 2,074,284 | 1,666,336 | 1,434,439 |
| % change from prior year | 26.13% | 22.29% | 8.14% | 10.92% | 20.68% | 24.99% | 35.32% | 24.48% | 16.17% | n/a |

(1) This schedule reports using the modified accrual basis of accounting.

(2) See Page 71 for changes in fund balances from year to year.

CASTLE PINES METROPOLITAN DISTRICT
Governmental Funds
Changes in Fund Balances (1)
(Unaudited)

Last Ten Years

| | Fiscal Year | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| REVENUE | | | | | | | | | | |
| Property Taxes (2) | 5,415,570 | 4,757,702 | 4,597,156 | 4,108,022 | 3,953,991 | 3,493,875 | 3,297,906 | 2,907,503 | 2,791,393 | 2,263,058 |
| Specific Ownership Tax | 366,381 | 355,933 | 392,036 | 415,719 | 398,200 | 380,165 | 370,075 | 359,246 | 356,846 | 332,665 |
| Other Taxes | 0 | 0 | 67,989 | 66,197 | 57,377 | 42,327 | 13,353 | 10,640 | 8,958 | 5,121 |
| Charges for Services | 91,911 | 94,725 | 81,952 | 91,410 | 83,626 | 84,926 | 11,100 | 7,900 | 3,445 | 4,100 |
| Investment Earnings | 62,327 | 36,767 | 146,997 | 284,244 | 263,415 | 140,606 | 41,219 | 24,977 | 39,706 | 70,660 |
| Miscellaneous | 6,437 | 5,237 | 16,213 | 12,641 | 13,128 | 27,083 | 22,375 | 38,088 | 50,357 | 15,117 |
| Total Revenues | 5,942,626 | 5,250,364 | 5,302,343 | 4,978,233 | 4,769,737 | 4,168,982 | 3,756,028 | 3,348,354 | 3,250,705 | 2,690,721 |
| % change from prior year | 13.19% | -0.98% | 6.51% | 4.37% | 14.41% | 10.99% | 12.18% | 3.00% | 20.81% | n/a |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Government | 1,369,776 | 1,285,567 | 1,153,735 | 1,185,993 | 1,047,335 | 986,161 | 822,512 | 791,858 | 773,162 | 627,690 |
| Public Works | 867,043 | 944,862 | 763,002 | 890,041 | 796,681 | 583,312 | 478,089 | 435,613 | 390,261 | 413,642 |
| Intergovernmental Programs | | | | | | | | | | |
| Capital Outlay | 170,178 | 177,767 | 1,022,069 | 466,304 | 300,487 | 122,319 | 68,926 | 226,234 | 338,338 | 12,370 |
| Debt Service: | | | | | | | | | | |
| Principal Retirement | 1,230,000 | 1,190,000 | 1,115,000 | 1,060,000 | 1,010,000 | 865,000 | 705,000 | 690,000 | 550,000 | 390,000 |
| Interest and Fiscal Charges | 326,650 | 363,854 | 541,828 | 600,128 | 647,598 | 687,820 | 720,250 | 751,300 | 775,775 | 792,740 |
| Bond Agent Fees | 0 | 500 | 102,991 | 300 | 300 | 250 | 250 | | | |
| Total Expenditures | 3,963,647 | 3,962,550 | 4,698,625 | 4,202,766 | 3,802,401 | 3,244,862 | 2,795,027 | 2,895,005 | 2,827,536 | 2,236,442 |
| % change from prior year | 0.03% | -15.67% | 11.80% | 10.53% | 17.18% | 16.09% | -3.45% | 2.39% | 26.43% | n/a |
| Excess of Revenues Over Expenditures | 1,978,979 | 1,287,814 | 603,718 | 775,467 | 967,336 | 924,120 | 961,001 | 453,349 | 423,169 | 454,279 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers from Other Funds | | | | | | | | | | |
| Proceeds from Refunding Bonds | 0 | 0 | 9,815,531 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pay to Refunded Bond Escrow Agent | 0 | 0 | -9,712,840 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers to Other Funds | -356,430 | -155,800 | -324,377 | -313,227 | -241,939 | -222,675 | -228,325 | -30,000 | -191,272 | -154,502 |
| Net Other Financing Sources (Uses) | -356,430 | -155,800 | -221,866 | -313,227 | -241,939 | -222,675 | -228,325 | -30,000 | -191,272 | -154,502 |
| Residual Equity Transfers | | | | | | | | | | |
| Net Change in Fund Balances (3) | 1,622,549 | 1,132,014 | 382,032 | 462,240 | 725,397 | 701,445 | 732,676 | 423,349 | 231,897 | 299,777 |
| Debt Service as a Percentage of Non-capital Expenditures | 32.42% | 31.44% | 30.33% | 28.37% | 28.84% | 27.70% | 25.86% | 25.85% | 22.10% | n/a |

(1) This schedule reports using the modified accrual basis of accounting.

(2) See Page 76 for additional detail for property taxes.

(3) See Page 70 for ending fund balances for reported years.

CASTLE PINES METROPOLITAN DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Actual Value | | Exempt | Total Taxable Value | Total Assessed Value | Total Mills |
|----------------|------------------------------|------------------------|------------|---------------------------|----------------------------|----------------|
| | Residential & Vacant Land | Commercial Property | | | | |
| 2001 | 950,829,984 | 15,518,658 | 7,889,522 | 974,238,164 | 65,766,712 | 33.834 |
| 2002 | 790,378,394 | 17,928,199 | 16,960,271 | 825,266,864 | 82,544,223 | 33.834 |
| 2003 | 982,269,982 | 17,578,013 | 19,087,577 | 1,018,935,572 | 86,868,112 | 33.834 |
| 2004 | 1,036,240,577 | 19,761,593 | 19,969,632 | 1,075,971,802 | 97,202,002 | 33.834 |
| 2005 | 1,141,194,967 | 36,368,148 | 19,749,579 | 1,197,312,694 | 101,284,280 | 33.834 |
| 2006 | 1,221,153,740 | 41,071,279 | 18,813,372 | 1,281,038,391 | 117,252,810 | 33.834 |
| 2007 | 1,409,074,939 | 42,058,888 | 18,770,570 | 1,469,904,397 | 123,101,429 | 33.834 |
| 2008 | 1,488,155,565 | 39,235,419 | 18,007,502 | 1,545,398,486 | 135,933,570 | 33.834 |
| 2009 | 1,687,692,736 | 42,951,072 | 11,870,274 | 1,742,514,082 | 140,727,510 | 33.834 |
| 2010 | 1,709,718,913 | 44,602,838 | 10,822,609 | 1,765,144,360 | 158,752,110 | 33.834 |

Source: Douglas County Assessor's Office.

Notes: Residential property is assessed on market sales, using historical data from the prior 18 months. Properties are reassessed once every two years, on odd numbered years.

CASTLE PINES METROPOLITAN DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Unaudited)

| Fiscal Year | District Direct Rates | | | Overlapping Rates | | | | | | | | |
|-------------|-----------------------|-------------------------|-------------------|--------------------------------|--------|----------------|--|-------|--|--|---|--|
| | General | | | Douglas County School District | | Douglas County | Douglas County Public Library District | | Douglas County South Metro Fire Rescue | Douglas County Law Enforcement Authority | Urban Drainage and Flood Control District | |
| | General Fund Rate | Obligation Debt Service | Total Direct Rate | | | | | | | | | |
| 2001 | 13.597 | 20.237 | 33.834 | 47.000 | 18.774 | 0.521 | | 4.023 | 6.500 | 4.500 | 0.594 | |
| 2002 | 13.597 | 20.237 | 33.834 | 43.584 | 19.774 | 0.444 | | 4.022 | 6.500 | 4.500 | 0.602 | |
| 2003 | 13.597 | 20.237 | 33.834 | 35.568 | 19.774 | 0.396 | | 4.020 | 6.500 | 4.500 | 0.533 | |
| 2004 | 13.597 | 20.237 | 33.834 | 46.500 | 19.774 | 0.384 | | 4.052 | 8.950 | 4.500 | 0.066 | |
| 2005 | 18.256 | 15.578 | 33.834 | 46.500 | 19.774 | 0.348 | | 4.020 | 9.250 | 4.500 | 0.597 | |
| 2006 | 18.256 | 15.578 | 33.834 | 46.500 | 19.774 | 0.275 | | 4.025 | 9.346 | 4.500 | 0.608 | |
| 2007 | 21.024 | 12.810 | 33.834 | 46.500 | 19.774 | 0.167 | | 4.044 | 9.377 | 4.500 | 0.568 | |
| 2008 | 21.024 | 12.810 | 33.834 | 47.103 | 19.774 | 0.114 | | 4.052 | 9.452 | 4.500 | 0.591 | |
| 2009 | 22.374 | 11.460 | 33.834 | 46.681 | 19.774 | 0.233 | | 4.016 | 9.362 | 4.500 | 0.569 | |
| 2010 | 23.284 | 10.550 | 33.834 | 46.890 | 19.774 | 0.157 | | 4.034 | 9.541 | 4.500 | 0.576 | |

Source: Douglas County Assessor's Office.

Notes: The District's basic property tax rate may be increased only by a majority vote of its residents. Rates for debt service are set based on each year's requirements.

CASTLE PINES METROPOLITAN DISTRICT

Principal Property Tax Payers Current Year and Nine Years Ago (Unaudited)

| Taxpayer | 2010 | | | 2001 | | |
|--|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value |
| Village at Castle Pines Colorado, LLC (Commercial) | 4,888,790 | 1 | 3.08% | - | - | - |
| VSW, Inc. | 3,145,670 | 2 | 1.98% | - | - | - |
| Castle Pines Golf Club Inc | 2,820,390 | 3 | 1.78% | 2,767,160 | 1 | 3.40% |
| CCCP Real Estate Holding LLC (Commercial) | 1,189,220 | 4 | 0.75% | - | - | - |
| R&R LLC | 1,126,810 | 5 | 0.71% | - | - | - |
| David Lininger (Residential) | 835,800 | 6 | 0.53% | - | - | - |
| David Lininger (Vacant Land) | 791,080 | 7 | 0.50% | - | - | - |
| CPV, Inc. (Vacant Land) | 784,660 | 8 | 0.49% | - | - | - |
| Janice Sanger (Residential) | 648,740 | 9 | 0.41% | - | - | - |
| Covello Wall Pines LLC (Vacant Land) | 643,150 | 10 | 0.41% | - | - | - |
| Castle Pines Fidelity Assoc. Ltd Partnership | - | - | - | 1,548,360 | 2 | 1.90% |
| The Renaissance Group LLC | - | - | - | 1,370,385 | 3 | 1.70% |
| Fidelity Castle Pines Ltd. | - | - | - | 1,278,734 | 4 | 1.50% |
| Asian Development LLC | - | - | - | 1,233,586 | 5 | 1.50% |
| Toll Company LP | - | - | - | 1,175,410 | 6 | 1.40% |
| Rivendell Holding LLC | - | - | - | 937,400 | 7 | 1.10% |
| Crestone Builders | - | - | - | 474,160 | 8 | 0.60% |
| The Conservation Fund | - | - | - | 462,301 | 9 | 0.60% |
| Brian E. Haigh | - | - | - | 457,730 | 10 | 0.60% |
| Total | 16,874,310 | | 10.63% | 11,705,226 | | 14.30% |

Source: Douglas County Assessor's Office

CASTLE PINES METROPOLITAN DISTRICT

Property Tax Levies and Collections (Unaudited)

Last Ten Years

| Levy Year | Collection Year | Taxes Levied | Current Tax Collection (1) and (2) | Current Collections as Percent of Taxes Levied | Delinquent Tax Collection (3) | Total Tax Collections | Total as Percent of Taxes Levied |
|--------------|--------------------|-----------------|--|--|-------------------------------------|--------------------------|--|
| 2000 | 2001 | 2,225,151 | 2,230,842 | 100.3% | (514) (4) | 2,230,328 | 100.2% |
| 2001 | 2002 | 2,939,096 | 2,781,706 | 94.6% | (2,112) (4) | 2,779,594 | 94.6% |
| 2002 | 2003 | 2,939,096 | 2,906,691 | 98.9% | (10,640) (4) | 2,896,051 | 98.5% |
| 2003 | 2004 | 3,288,733 | 3,297,906 | 100.3% | (15,364) (4) | 3,282,542 | 99.8% |
| 2004 | 2005 | 3,426,853 | 3,493,875 | 102.0% | 12,508 (4) | 3,506,383 | 102.3% |
| 2005 | 2006 | 3,934,960 | 3,953,991 | 100.5% | 61,784 (4) | 4,015,775 | 102.1% |
| 2006 | 2007 | 4,165,013 | 4,108,022 | 98.6% | 66,197 (4) | 4,174,219 | 100.2% |
| 2007 | 2008 | 4,599,177 | 4,597,156 | 100.0% | 67,989 (4) | 4,665,145 | 101.4% |
| 2008 | 2009 | 4,761,374 | 4,757,702 | 99.9% | - (4) | 4,757,702 | 99.9% |
| 2009 | 2010 | 5,371,219 | 5,415,570 | 100.8% | - (4) | 5,415,570 | 100.8% |

(1) The Douglas County Treasurer's collection fee has not been deducted from these amounts. The collection fee was 3 percent of the property tax collected until March 2001. Effective April 2001 the collection fee is 1.5 percent. Effective 2009, New Growth taxes have been removed, due to less than 2% new growth County wide.

(2) Includes interest collected on current taxes which may result in total collection of more than 100% of anticipated revenues.

(3) Includes the amount collected as delinquent taxes from previous years with delinquent interest and penalties thereon and, therefore, may result in total collection of more than 100% of anticipated revenues.

(4) Amounts included abatements per the Douglas County Treasurer's Office.

CASTLE PINES METROPOLITAN DISTRICT

Ratios of Outstanding Debt by Type Last Ten Fiscal Years (Unaudited)

| Fiscal Year | Population (1) | Governmental Activities | | Business-type Activities | | | | | | Total Primary Government | Per Capita |
|----------------|----------------|--------------------------------|---------------------------------------|--------------------------|-----------|--------------------------|----------------------------|----------------------|------------|--------------------------------|---------------|
| | | General Obligation Bonds | Water & Sewer Revenue Bonds (3) | 2003 | | DWRF Loan \$2M (5) | DWRF Loan \$250K (6) | Revenue Bonds (4) | | | |
| | | | | | | | | | | | |
| 2001(1) | 3,024 | 15,655,000 | - | - | 2,110,959 | - | - | - | 17,765,959 | 5,875 | |
| 2002 | 3,003 | 15,105,000 | - | - | 1,994,367 | - | - | - | 17,099,367 | 5,694 | |
| 2003 | 3,162 | 14,415,000 | 2,005,000 | - | - | - | - | - | 16,420,000 | 5,193 | |
| 2004 | 3,393 | 13,710,000 | 1,860,000 | - | - | - | - | - | 15,570,000 | 4,589 | |
| 2005 | 3,678 | 12,845,000 | 1,715,000 | - | - | - | - | - | 14,560,000 | 3,959 | |
| 2006 | 4,041 | 11,835,000 | 1,565,000 | - | - | 2,000,000 | 250,000 | - | 15,650,000 | 3,873 | |
| 2007(2) | 4,196 | 10,775,000 | 1,410,000 | - | - | 1,959,174 | 247,165 | - | 14,391,339 | 3,430 | |
| 2008(7) | 4,343 | 9,545,000 | 1,250,000 | - | - | 1,886,872 | 238,369 | - | 12,920,241 | 2,975 | |
| 2009 | 4,392 | 8,355,000 | 1,090,000 | - | - | 1,811,834 | 229,240 | - | 11,486,074 | 2,615 | |
| 2010 | 4,409 | 7,125,000 | 920,000 | - | - | 1,733,955 | 219,766 | - | 9,998,721 | 2,268 | |

(1) Calendar years 2001 through 2006, number of domestic metered accounts X 3 people per household

(2) Effective 2007, number of domestic metered accounts X 2.88 people per household;
US Census Bureau Info for Douglas County, CO

(3) 2003 Water & Sewer Revenue Bonds were secured to pay off existing Revenue Bonds at a lower interest rate

(4) Revenue Bonds were defeased in December 2003

(5) DWRf Loan was secured in May 2006 to fund a Pipeline and Transfer Pump Station

(6) Additional DWRf Loan was secured in November 2006 to fund total project

(7) GO Bond was refinanced in December 2008

CASTLE PINES METROPOLITAN DISTRICT
Ratios of General Bonded Debt Outstanding and Legal Debt Margin
Last Ten Years
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| General Bonded Debt Outstanding | | | | | | | | | | |
| General Obligation Bonds | 7,125,000 | 8,355,000 | 9,545,000 | 10,775,000 | 11,835,000 | 12,845,000 | 13,710,000 | 14,415,000 | 15,105,000 | 15,655,000 |
| Total | 7,125,000 | 8,355,000 | 9,545,000 | 10,775,000 | 11,835,000 | 12,845,000 | 13,710,000 | 14,415,000 | 15,105,000 | 15,655,000 |
| Total Taxable Value | 1,765,144,360 | 1,742,514,082 | 1,545,398,486 | 1,469,904,397 | 1,281,038,391 | 1,197,312,694 | 1,075,971,802 | 1,018,935,572 | 825,266,864 | 974,238,164 |
| Percentage of Estimated Actual Property Value | 24774% | 20856% | 16191% | 13642% | 10824% | 9321% | 7848% | 7069% | 5464% | 6223% |
| Per Capita Population | 400,350 4,409 | 396,747 4,392 | 355,837 4,343 | 336,286 4,371 | 317,010 4,041 | 325,534 3,678 | 317,115 3,393 | 322,244 3,162 | 274,814 3,003 | 322,169 3,024 |
| Less: Amounts Set Aside to Repay General Debt | 1,890,014 | 1,779,990 | 1,739,517 | 1,785,407 | 1,768,936 | 1,500,774 | 1,390,807 | 853,064 | 569,731 | 201,185 |
| Total Net Debt Applicable to Debt Limit | 5,234,986 | 6,575,010 | 7,805,483 | 8,989,593 | 10,066,064 | 11,344,226 | 12,319,193 | 13,561,936 | 14,535,269 | 15,453,815 |
| Legal Debt Limit | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 |
| Legal Debt Margin | 47,875,000 | 46,645,000 | 45,455,000 | 44,225,000 | 43,165,000 | 42,155,000 | 41,290,000 | 40,585,000 | 39,895,000 | 39,345,000 |
| Legal Debt Margin as a Percentage of the Debt Limit | 87% | 85% | 83% | 80% | 78% | 77% | 75% | 74% | 73% | 72% |

CASTLE PINES METROPOLITAN DISTRICT

Direct and Overlapping Governmental Activities Debt (Unaudited)

December 31, 2010

| Jurisdiction | Net General Obligation Bonded Debt Outstanding (1) | Percentage Applicable to Government | Amount Applicable to Government |
|--|---|--|---------------------------------------|
| Direct: | | | |
| Castle Pines Metropolitan District | \$ 7,125,000 | 100.00% | \$ 7,125,000 |
| Overlapping: | | | |
| Douglas County School District Re. 1 | 543,221,541 | 3.42% | 18,578,177 |
| Total | <u>\$ 550,346,541</u> | | <u>\$ 25,703,177</u> |

(1) Source: Douglas County School District Re.1 and District's General
Obligation Bond document.

CASTLE PINES METROPOLITAN DISTRICT

Pledged Revenue Coverage Water & Sewer Bonds (Unaudited)

Last Ten Years

| Fiscal Year | Gross Revenue (2) | Operating Expenses (3) | Net Revenue Available for Debt Services | Debt Service Requirements (4) | | Coverage |
|-------------|----------------------|---------------------------|---|-------------------------------|----------|----------|
| | | | | Principal | Interest | |
| 2001 | 1,843,808 | 1,495,918 | 347,890 | 86,166 | 71,118 | 2.21 |
| 2002 | 1,921,209 | 1,372,282 | 548,927 | 120,584 | 115,865 | 2.32 |
| 2003 | 2,061,876 | 1,628,441 | 433,435 | 81,282 | 71,653 | 2.83 |
| 2004 | 2,052,823 | 1,630,431 | 422,392 | 145,000 | 55,002 | 2.11 |
| 2005 | 2,431,081 | 1,798,525 | 632,556 | 145,000 | 56,288 | 3.14 |
| 2006 | 2,878,675 | 2,237,690 | 640,985 | 150,000 | 54,040 | 3.14 |
| 2007 | 3,015,409 | 2,469,991 | 545,418 | 155,000 | 51,265 | 2.64 |
| 2008 | 3,314,366 | 2,384,321 | 930,045 | 160,000 | 47,855 | 4.47 |
| 2009 | 3,352,675 | 2,200,528 | 1,152,147 | 160,000 | 43,775 | 5.65 |
| 2010 | 3,768,149 | 2,334,438 | 1,433,711 | 170,000 | 39,215 | 6.85 |

(1) The District initially issued revenue bonds in 1996.

(2) Total Proprietary Fund revenues exclusive of tap fees and transfers.

(3) Total Proprietary Fund operating expense exclusive of depreciation.

(4) Includes principal and interest of revenue bonds only.

CASTLE PINES METROPOLITAN DISTRICT

Demographic and Economic Statistics Last Ten Years (Unaudited)

| Calendar Year | Population (1) | Number of Domestic Water Taps | Number of Domestic Irrigation Taps | Number of Flat Rate Taps | Total Taps | Avg. Consumption of Domestic Water Taps in Winter | Avg. Consumption of Domestic Water Taps in Summer | Annual Billed Gallons All Meters |
|------------------|----------------|--|---|--------------------------------|---------------|--|--|---|
| 2001 | 3,024 | n/a | n/a | n/a | n/a | n/a | n/a | 238,911,000 |
| 2002 | 2,938 | 1,020 | 101 | 36 | 1,157 | 6,700 gal | n/a | 253,653,000 |
| 2003 | 3,162 | 1,054 | 118 | 47 | 1,219 | 5,201 gal | 43,140 gal | 239,757,000 |
| 2004 | 3,393 | 1,066 | 115 | 42 | 1,223 | 5,114 gal | 29,880 gal | 224,986,000 |
| 2005 | 3,678 | 1,226 | 124 | 79 | 1,429 | 6,714 gal | 42,265 gal | 266,776,000 |
| 2006 | 4,041 | 1,347 | 128 | 80 | 1,555 | 5,359 gal | 37,368 gal | 300,744,000 |
| 2007(2) | 4,196 | 1,457 | 129 | 56 | 1,642 | 5,685 gal | 39,105 gal | 294,224,000 |
| 2008 | 4,343 | 1,508 | 131 | 30 | 1,669 | 6,240 gal | 48,344 gal | 331,459,000 |
| 2009 | 4,392 | 1,525 | 131 | 13 | 1,669 | 5,538 gal | 28,109 gal | 266,859,000 |
| 2010 | 4,409 | 1,531 | 133 | 7 | 1,671 | 5,010 gal | 30,624 gal | 305,594,000 |

Sources: All information provided by the District from billing software data.

(1) Calendar years 2001 through 2006, number of domestic metered accounts X 3 people per household

(2) Effective 2007, number of domestic metered accounts X 2.88 people per household;
US Census Bureau Info for Douglas County, CO

(3) The largest employers and number of employees for those employers is not applicable to the District and is not included in the demographic information.

CASTLE PINES METROPOLITAN DISTRICT

Full-time Equivalent District Government Employees by Function Last Ten Years (Unaudited)

| <u>Function/Program</u> | Full-time Equivalent Employees as of December 31 (1) | | | | | | | | | |
|----------------------------------|--|------|------|------|------|------|------|------|------|------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| General Government | 7 | 7 | 8 | 7 | 5 | 6 | n/a | n/a | n/a | n/a |
| Seasonal/Part-time | 14 | 14 | 13 | 13 | 16 | 11 | n/a | n/a | n/a | n/a |
| Water & Sewer | 3 | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| General Government/Water & Sewer | 9 | 9 | 9 | 11 | 8 | 9 | n/a | n/a | n/a | n/a |
| Total | 33 | 33 | 31 | 32 | 30 | 27 | 30 | 28 | 26 | 26 |

Source: District Payroll Department

(1) A number of FTE employees are split 34% general fund and 66% enterprise fund for budget purposes.

(3) In prior years, Plum Creek Wastewater Authority (PCWA) employees were included in our total count. The District manages PCWA, and payroll is completed through the District, but PCWA pays for payroll expense through their budget.

CASTLE PINES METROPOLITAN DISTRICT
Operating Indicators by Function
(Unaudited)

| Function | Fiscal Year | | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | |
| General Government: | | | | | | | | | | | |
| Site Plan Reviews | 1 | 0 | 18 | 76 | 112 | 122 | 104 | 140 | 36 | 55 | |
| CO Letters Issued | 10 | 23 | 62 | 97 | 116 | 102 | 76 | 50 | 49 | n/a | |
| Public Works: | | | | | | | | | | | |
| Miles of Streets in Lane Miles | 88.00 | 88.00 | 88.00 | 82.80 | 82.80 | 81.70 | 81.70 | 69.20 | 68.00 | 58.90 | |
| Area in Square Miles | 4.01 | 4.01 | 4.68 | 4.40 | 4.40 | 4.40 | 4.40 | 4.40 | 6.00 | 6.00 | |
| Number of Street Lights | 120 | 120 | 120 | 119 | 119 | 114 | 106 | 100 | 100 | 100 | |
| Number of Fire Hydrants | 414 | 414 | 414 | 411 | 411 | 403 | 403 | 403 | 314 | 223 | |
| Water Utilities: | | | | | | | | | | | |
| Miles of Sanitary Sewer (collection only, no trtmnt)(2) | 53.36 | 53.36 | 53.36 | 53.36 | 53.36 | 53.36 | 53.36 | 53.36 | 47.00 | 45.00 | |
| Number of Sewage Service Connection | 1,566 | 1,566 | 1,562 | 1,517 | 1,462 | 1,329 | 1,209 | 1,123 | 1,056 | 1,008 | |
| Miles of Water Mains (1) | 59.90 | 59.90 | 59.90 | 74.21 | 74.21 | 74.21 | 74.21 | 74.00 | 67.00 | 53.00 | |
| Number of Service Connections (Includes Irrigation & Flat Rates) | 1,671 | 1,669 | 1,669 | 1,642 | 1,555 | 1,350 | 1,252 | 1,179 | 1,155 | 1,103 | |
| Daily Average Production in Gallons | 936,171 | 876,440 | 1,088,035 | 911,736 | 975,437 | 862,554 | 760,685 | 802,000 | 695,890 | 654,794 | |
| Maximum Daily Treatment Capacity/2 WTP's (3) | 4,100,000 | 4,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 2,100,000 | |

- (1) Miles of Water Mains adjusted on prior years
(2) Miles of Sanitary Sewer adjusted on prior years
(3) 3rd Filter Added @ WTP 2 - 1MGD

CASTLE PINES METROPOLITAN DISTRICT

Capital Asset Statistics by Function/Program Last Ten Fiscal Years (Unaudited)

| Function/Program | Fiscal Year | | | | | | | | | |
|--------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| General & Public Works | | | | | | | | | | |
| Streets - Lane Miles | 88.00 | 88.00 | 88.00 | 82.80 | 82.80 | 81.70 | 81.70 | 69.20 | 68.00 | 58.90 |
| Streetlights | 120 | 120 | 120 | 119 | 119 | 114 | 106 | 100 | 100 | 100 |
| Number of Vehicles | 16 | 16 | 16 | 11 | 9 | 9 | 8 | 7 | 7 | 6 |
| Water & Sewer | | | | | | | | | | |
| Miles of Water Mains (2) | 59.90 | 59.90 | 59.90 | 74.21 | 84.70 | 75.60 | 75.60 | 74.00 | 67.00 | 53.00 |
| Fire Hydrants (1) | 414 | 414 | 414 | 411 | 411 | 403 | 403 | 403 | 314 | 223 |
| Daily Avg Production - Gallons | 936,171 | 876,440 | 1,088,035 | 911,736 | 975,437 | 862,554 | 760,685 | 802,000 | 695,890 | 654,794 |
| Storage Capacity - Gallons | 2,900,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 2,100,000 |
| Number of Vehicles | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |

(1) In 2003, number of Fire Hydrants adjusted for prior years

(2) Corrected miles of Water Mains from our newest water line maps.

CASTLE PINES
METROPOLITAN DISTRICT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2011

Prepared by Sue Mantz
Accounting Supervisor

Castle Rock, Colorado

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CASTLE PINES

METROPOLITAN DISTRICT

May 22, 2012

TO: Board of Directors
Castle Pines Metropolitan District

State law requires that all local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Castle Pines Metropolitan District (the District) for the fiscal year ended December 31, 2011.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with US GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by **RUBINBROWN LLP**, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended December 31, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the

overall financial statement presentation. The independent auditor concluded that based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended December 31, 2011 are fairly presented in conformity with US GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The District is a political subdivision of the State of Colorado. The District was organized by a court order on June 14, 1973, following an election by the property owners in the District, and is governed by a five-member, elected Board of Directors.

The District provides the services contemplated by the District's Service Plan. Such services include street repair and maintenance, snow removal, road right-of-way maintenance, water treatment and distribution, sewer collection and storm drainage management services to the property owners of the District, as approved by the Board of Directors. The geographical area served by the District is a suburban area, the majority of which is residential or recreational property with limited service areas, a small commercial area and no manufacturing. The economic impact of the limited service property served by the District is minimal.

The District is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which may occur when deemed appropriate by the governing board.

The annual budget serves as the foundation for the District's financial planning and control. All departments of the District are required to submit requests for appropriation to the District Manager. The District Manager uses these requests as the starting point for developing a proposed budget. The District Manager then presents this proposed budget to the Board of Directors (the Board) for review by October 15. The Board is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 15 of each year. The appropriated budget is prepared by fund. The District can amend the approved budget only with the approval of the Board.

Budget-to-actual comparisons are provided in this report for each of these funds for which an appropriated annual budget was adopted. For the general fund and debt service, these comparisons are presented on pages 56 and 63 as part of the required supplementary information for the governmental funds. The enterprise fund comparison is presented on page 64.

Economic Condition

The District is located within Douglas County, Colorado, which was one of the fastest growing counties in the United States, but has recently slowed down with the economic downturn. The District's operation and maintenance of streets, snow removal and water usage is expected to increase slightly over the next several years as the economy picks back up and the building of additional residential properties and commercial areas resumes.

Long Term Financial Planning

In December 2006, the District completed work on a Long Range Master Plan (LRMP) with the assistance of professional engineers and water consultants. This LRMP contains information on the background of the District, Existing Water System and Facilities, Future Water Supply, Capital Improvement Plan Projects and a Financial Plan projecting revenue and expenses out to 2050. This plan is currently being reviewed in the following areas:

- Update core samples to verify how much water is in the Denver basin aquifer
- Estimated cost retrofit/expansion cost for the water wells used for aquifer recharge
- Estimated cost to be tied to the volume of water treatment capacities needed in the future
- Storage solutions are currently being reviewed for the enlargement of Chatfield reservoir, aquifer recharge study and new possible water storage tank
- Continuing effort to get final decree on the 2004 water rights
- The District, the Town of Castle Rock and Castle Pines North Metro District are jointly involved in the study that would allow all three entities to share diversion structures, which would enable the parties to resolve future water rights flow operations

The District is embarking on a Performance Management plan in 2012. The performance measurement and budgeting process will be based on performance outcomes and will be tools used to assist the District in making its service as efficient and effective as possible.

Awards and Acknowledgements

Independent Audit. State law requires the District to have its financial statements audited by an independent firm of certified public accountants. The Board of Directors selected **RUBINBROWN LLP** to fulfill this requirement. **RUBINBROWN LLP**, provided an unqualified opinion on the 2011 financial statements.

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2010. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the fourteenth consecutive year that the District received this award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized CAFR. This report satisfied both US GAAP and applicable legal requirements.

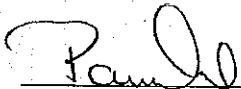
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

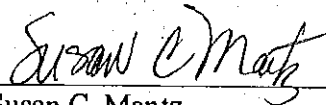
Acknowledgements. The preparation of this report would not have been possible without the efficient and dedicated services of LeAnna Gonzales, AP/AR Specialist; Susan Seamark, Administrator; Jeff Coufal, Operations Superintendent; and Jon Gray, District Engineer, who assisted with the composition and preparation of this document.

We would like to thank the independent certified public accounting firm of **RUBINBROWN LLP** for their input and able assistance and the professional manner in which they have performed their audit engagement.

Lastly, we would like to express our appreciation and sincere thanks to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,


Paul V. Dannels
District Manager


Susan C. Mantz
Accounting Supervisor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Castle Pines Metropolitan
District, Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



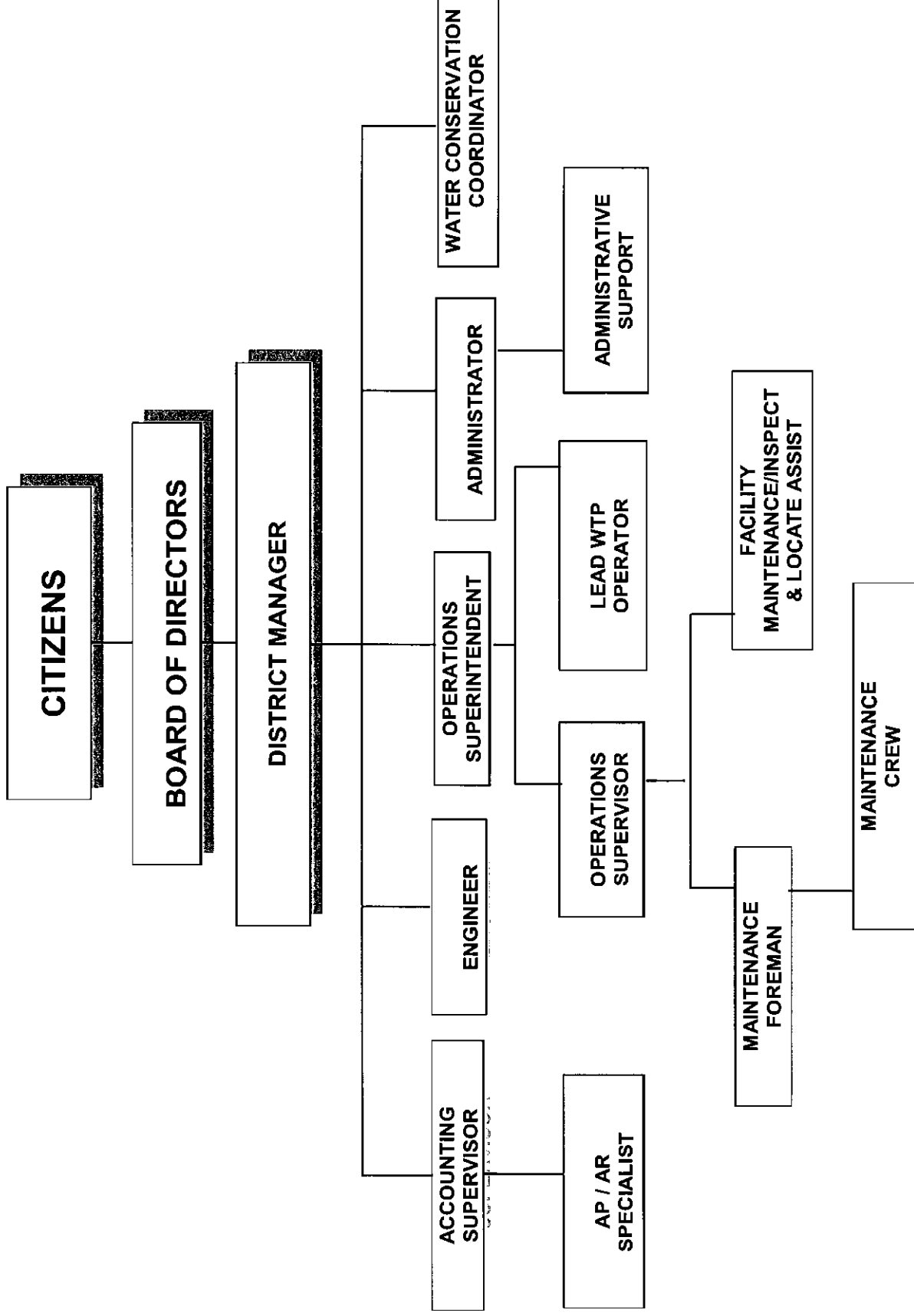
Linda C. Davidson

President

Jeffrey R. Emery

Executive Director

CASTLE PINES METROPOLITAN DISTRICT ORGANIZATIONAL CHART



CASTLE PINES METROPOLITAN DISTRICT

List of District Officers

As of December 31, 2011

| <u>ELECTED OFFICIALS</u> | <u>APPOINTMENT DATE</u> | <u>TERM EXPIRATION DATE</u> |
|--|-------------------------|-----------------------------|
| Jacquelyn Sundquist, Chair / President | May 2010 | May 2014 |
| Joe Gschwendtner, Vice-Chair / Vice President | May 2008 | May 2012 |
| Karl Krueger Treasurer | May 2010 | May 2014 |
| Jerry Spradling Secretary | May 2010 | May 2014 |
| Tom Kahn, Director | May 2008 | May 2012 |

DEPARTMENT OFFICIAL

District Manager
Mr. Paul V. Dannels

CONSULTANTS

District Counsel:
Mr. Charlton H. Carpenter, Esq.
Fairfield & Woods, P.C.



RubinBrown LLP
Certified Public Accountants
& Business Consultants

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**Board of Directors
Castle Pines Metropolitan District
Castle Rock, Colorado**

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Castle Pines Metropolitan District (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's 2010 financial statements, which were audited by BONDI & Co. LLC, who merged with RubinBrown LLP as of June 1, 2011, and whose report dated May 27, 2011, expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities and each major fund.

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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Board of Directors
Castle Pines Metropolitan District**

As discussed in Note 1 to the basic financial statements, the District adopted Governmental Accounting Standards Board Statement No. 54 as of and for the year ended December 31, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 17, the budgetary comparison schedule on page 56, and the infrastructure condition and maintenance data on pages 57 and 58 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The introductory section, individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The fund statements and schedules have 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. The introductory and statistical sections have 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 them.

RubinBrown LLP

May 22, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of Castle Pines Metropolitan District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the calendar year ended December 31, 2011. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 to 4 of this report.

Financial Highlights

- The District's assets exceeded its liabilities by \$51,288,586 (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$38,029,479 include property, equipment and infrastructure, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$103,000 are restricted by constraints imposed from outside the District such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net assets of \$11,163,643 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's governmental funds reported a total ending fund balance of \$8,216,152 this year. This compares to the prior year ending fund balance of \$7,832,637 showing a positive increase of \$383,515 during the current year. These results are generally due to additional property taxes received and the continuance of strong expense controls. Taken together, increased revenues exceeded expenditures by \$737,147. After a \$353,632 statutorily permissible transfer out to the business segment, the gain was reduced to a net increase to \$383,515.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$6,117,104.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables present comparative data for calendar year 2010.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would

extend to other non-financial factors such as diversification of the taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the District include general government and public works. The business-type activities of the District include water and sewer services.

The government-wide financial statements are presented on pages 18 & 19 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. All of the District's funds are classified as major and are separately reported.

The District maintains two individual governmental funds, the General Fund and Debt Service Fund.

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 - 23 of this report.

The *Proprietary fund* is reported in the fund financial statements and generally report services for which the District charges customers a fee. The one District proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. The District services approximately 1,534 properties inside the District boundaries and provides service to one customer outside of District boundaries for water service only.

The basic enterprise fund financial statements are presented on pages 24 – 27 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget presentations and the modified approach for infrastructure. Budgetary comparison statements are included as "required supplementary information" for the general fund. Budgetary comparison schedules for the debt service and enterprise funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. Required supplementary information can be found on pages 56-58 of this report.

As discussed, the District reports major funds in the basic financial statements. The individual statements and schedules of these funds are presented in a subsequent section of this report on pages 59-64.

Financial Analysis of the District as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at calendar year-end are \$51,288,586. The following table provides a summary of the District's net assets:

| | Governmental Activities | | | | Business-type Activities | | | |
|---|-------------------------|---------------|--------------|----------|--------------------------|---------------|------------|----------|
| | 2011 | 2010 | \$ Change | % Change | 2011 | 2010 | \$ Change | % Change |
| Assets | | | | | | | | |
| Current Assets | \$ 12,952,318 | \$ 13,365,840 | \$ (413,522) | -3.1% | \$ 5,150,079 | \$ 4,534,128 | \$ 615,951 | 13.6% |
| Capital Assets | 13,304,317 | 13,311,494 | (7,177) | -0.1% | 33,239,983 | 33,290,102 | (50,119) | -0.2% |
| Other Assets | 58,681 | 73,351 | (14,670) | 20.0% | 27,796 | 33,354 | (5,558) | 16.7% |
| Total Assets | 26,315,316 | 26,750,685 | (435,369) | -1.6% | 38,417,858 | 37,857,584 | 560,274 | 1.5% |
| Liabilities: | | | | | | | | |
| Current Liabilities | 6,152,501 | 6,911,471 | (758,970) | 11.0% | 388,761 | 476,529 | (87,768) | 18.4% |
| Long-term Liabilities | 4,560,247 | 5,944,739 | (1,384,492) | 23.3% | 2,343,079 | 2,598,380 | (255,301) | -9.8% |
| Total Liabilities | 10,712,748 | 12,856,210 | (2,143,462) | 16.7% | 2,731,840 | 3,074,909 | (343,069) | 11.2% |
| Net assets | 15,602,568 | 13,894,475 | 1,708,093 | 12.3% | 35,686,018 | 34,782,675 | 903,343 | 2.6% |
| Invested in capital assets, net of debt | 7,369,920 | 6,030,999 | 1,338,921 | 22.2% | 30,659,559 | 30,455,548 | 204,011 | 0.7% |
| Restricted - Tabor | 103,000 | 62,000 | 41,000 | 66.1% | - | - | - | - |
| Restricted - Debt | 1,992,464 | - | 1,992,464 | - | - | - | - | - |
| Unrestricted | 6,137,184 | 7,801,476 | (1,664,292) | 21.3% | 5,026,459 | 4,327,127 | 699,332 | 16.2% |
| Total Net Assets | \$ 15,602,568 | \$ 13,894,475 | \$ 1,708,093 | 12.3% | \$ 35,686,018 | \$ 34,782,675 | \$ 903,343 | 2.6% |

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 2.12 to 1 and 13.01 to 1 for business-type activities. For the District overall, the current ratio is 2.78 to 1.

The District reported a positive balance in net assets for both governmental activities and business-type activities. Net assets increased by \$1,708,093 and \$903,343, respectively. During 2011, the District's overall financial position increased by \$2,611,436. The increases in governmental activities are due to additional property taxes received and less expenses. The District received developer contributions totaling \$435,980, combined with \$113,000 in additional revenue received over expenses and a transfer to the enterprise fund of \$353,632, all contributed to the increase the net assets in business-type activities.

Note that approximately 50.5% of the governmental activities' total assets are tied up in capital. The District uses these capital assets to provide services to its homeowners. However, with business-type activities, approximately 86.5% of its assets are capital assets. Capital assets in the business-type activities also provide water services, but they also generate fee based revenues for this fund. Approximately seventy-two percent (72%) of the District's total assets are included in capital assets.

The government-wide information is presented with comparative data for the prior year for better analysis and trends. The following table provides a summary of the District's changes in net assets:

| | Governmental Activities | | | | Business-type Activities | | | |
|--------------------------------|-------------------------|---------------|--------------|----------|--------------------------|---------------|-------------|----------|
| | 2011 | 2010 | \$ Change | % Change | 2011 | 2010 | \$ Change | % Change |
| Revenues: | | | | | | | | |
| Program Revenue | | | | | | | | |
| Charges for Services and Sales | \$ 97,380 | \$ 91,911 | \$ 5,469 | 6% | \$ 3,666,907 | \$ 3,739,276 | \$ (72,369) | -2% |
| Capital Grants & Contributions | 40,146 | 0 | 40,146 | | 435,980 | 0 | 435,980 | |
| General Revenues: | | | | | | | | |
| Property Taxes | 5,450,758 | 5,415,570 | 35,188 | 1% | - | - | - | |
| Specific Ownership Taxes | 359,792 | 366,381 | (6,589) | -2% | - | - | - | |
| Investment Earnings | 29,274 | 62,327 | (33,053) | -53% | 16,921 | 28,873 | (11,952) | -41% |
| Other | 10,225 | 6,437 | 3,788 | 59% | 19,324 | 840 | 18,484 | 2200% |
| Total Revenue | 5,987,575 | 5,942,626 | 44,949 | 1% | 4,139,132 | 3,768,989 | 370,143 | 10% |
| Expenses: | | | | | | | | |
| General Government | 1,274,299 | 1,385,138 | (110,839) | -8% | - | - | - | |
| Public Works | 2,377,485 | 1,004,878 | 1,372,607 | 137% | - | - | - | |
| Interest on LT Debt | 274,066 | 322,550 | (48,484) | -15% | - | - | - | |
| Water & Sewer | - | - | - | | 3,589,421 | 3,580,030 | 9,391 | 0% |
| Total Expenses | 3,925,850 | 2,712,566 | 1,213,284 | 45% | 3,589,421 | 3,580,030 | 9,391 | 0% |
| Increase in net assets | | | | | | | | |
| before transfers | 2,061,725 | 3,230,060 | (1,168,335) | -36% | 549,711 | 188,959 | 360,752 | 191% |
| Transfers | (353,632) | (356,430) | 2,798 | 1% | 353,632 | 356,430 | (2,798) | -1% |
| Change in Net Assets | 1,708,093 | 2,873,630 | (1,165,537) | -41% | 903,343 | 545,389 | 357,954 | 66% |
| Beginning Net Assets, | 13,894,475 | 11,020,845 | 2,873,630 | 26% | 34,782,675 | 34,237,286 | 545,389 | 2% |
| Ending Net Assets | \$ 15,602,568 | \$ 13,894,475 | \$ 1,708,093 | 12% | \$ 35,686,018 | \$ 34,782,675 | \$ 903,343 | 3% |

GOVERNMENTAL REVENUES

The District is dependent upon property tax to fund the debt service and general fund. Property taxes decreased during 2011, which will be collected in 2012. The decrease is due to the reassessment of the property values, which dropped from \$161,013,520 to \$135,933,040. The District will see a reduction in property tax revenue of approximately 15.5% overall.

GOVERNMENTAL FUNCTIONAL EXPENSES

This table presents the cost of each of the District's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the District's taxpayers by each of these functions.

| Governmental Activities | | |
|-------------------------|-----------------------------------|---------------------------------|
| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
| General government | \$ 1,274,299 | \$ (1,274,299) |
| Public Works | 2,377,485 | (2,239,959) |
| Interest | <u>274,066</u> | <u>(274,066)</u> |
| Total | <u>\$ 3,925,850</u> | <u>\$ (3,788,324)</u> |

The District reports program revenue of \$137,526, which consists of \$97,360 for charges for services and sales and \$40,146 for developer contributions. The majority of the general government functions are funded by property tax. Taxes are reported as general revenue, rather than program revenue, therefore, the net cost of services is offset by general revenues of \$5,850,049.

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the water and sewer fund were \$72,369 (1.94%) less than 2010, and the operating expenses were \$46,020 (1.42%) less than the 2010 figure. The reduced revenue from the previous year is due to a more normal summer-time temperature and usage; the District experienced record temperatures for three months in the fall of 2010. We hired a Water Conservation Coordinator in 2009 to help support homeowners in implementing water conservation efforts, thus helping to reduce the District's annual water usage.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the individual fund statements. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$8,216,152. Of this year-end total, \$855,380 will be used for landscape, small equipment replacement, street maintenance and improvements, snow removal, storm drainage maintenance, street improvement overlay and traffic speed mitigation. Non-spendable inventories total \$3,584. Restricted payments include \$1,992,464 for the GO Bond and \$103,000 for Tabor.

Major Governmental Funds

The general fund is the District's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance increased by \$281,065. This increase is primarily due to additional property taxes received over budget of \$190,000, less expense in Public Works, with a total positive variance of \$325,694, and a budgeted excess of revenues of \$113,866. After the general fund was also able to make the annual operating transfer to the water and sewer enterprise fund for \$353,632, the District netted an increase of \$281,065.

The 2011 property taxes decreased slightly by \$2,361 under calendar year 2010, and make up 88.3% of total general fund revenues. The general fund received investment earnings of \$24,302 due to a change in investing funds in 1-year CD's and liquid savings accounts, thus increasing the interest rate. Most other revenue classifications experienced slight increases.

The general fund expenditures show an increase of \$1,209,208 or 51% more than prior year. The majority of the increased expense is recorded in Public Works for \$1,164,457 for the completion of two (2) Roundabouts on Happy Canyon Road. The debt service fund expenditures show an increase of \$37,427 from the prior year, due to the annual adjustment of principal and interest payments on the GO Bond.

The Proprietary Fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The majority of the revenue received in this fund is collected from water, sewer & storm rates. The enterprise fund saw a positive change in net assets by \$903,343. This is due to positive income over expenses of \$113,731; The District received Capital Contributions from developers in 2011 totaling \$435,980 and the enterprise fund also received a transfer in from the general fund of \$353,632, compared to \$356,430 transferred in 2010.

Budgetary Highlights

The General Fund – There were no amendments to the original adopted budget in 2011.

Overall, the District recognized additional revenue of \$195,137 or 4.84% increase in revenues over the adopted budget. This increase is due to \$189,718 more property taxes collected and miscellaneous revenues of \$4,725 received. The District received less Specific Ownership Taxes of \$208. Charges for services and interest earnings showed an increase of \$800 and \$102, respectively.

The general government expenditure function was under budget by \$325,694 or 8.31%. The majority of the savings was recorded in Public Works and under-spent by \$255,997, which includes a savings of \$47,268 in less street repair and \$53,309 in less storm pipe cleaning. A savings of \$27,490 in snow removal and \$18,478 in street sweeping was due to a mild winter. A savings was recorded in the Happy Canyon Roundabout project, coming in under budget by \$86,000. General Government was under spent by \$10,740. The District was also under budget in Capital Outlay by \$58,957 due to \$28,916 in less roadside improvements completed and miscellaneous equipment items coming in under budget. The District is authorized to transfer revenue from the general fund and/or receive grants, as that term is

defined in the State Statutes section 37-45.1-102 in an amount less than 10% of the Enterprise' annual revenues. In 2011, the District transferred \$353,632 from the general fund to the enterprise fund.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2011, was \$13,304,317 and \$33,239,983 respectively. See Note 3 for additional information about changes in capital assets during the calendar year.

The following table provides a summary of capital asset activity.

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Non-depreciable assets: | | | | | | |
| Land | \$ - | \$ - | \$ 898,885 | \$ 898,885 | \$ 898,885 | \$ 898,885 |
| Infrastructure | 11,337,187 | 11,250,957 | - | - | 11,337,187 | 11,250,957 |
| Construction in Progress | - | - | - | - | - | - |
| Total Non-depreciable assets | 11,337,187 | 11,250,957 | 898,885 | 898,885 | 12,236,072 | 12,149,842 |
| Depreciable assets: | | | | | | |
| Buildings | - | - | 5,748,025 | 5,714,788 | 5,748,025 | 5,714,788 |
| Improvements other than building | 10,991 | - | 29,659,065 | 29,082,321 | 29,670,056 | 29,082,321 |
| Machinery | 2,968,130 | 2,864,762 | 7,039,402 | 7,140,399 | 10,007,532 | 10,005,161 |
| Water Rights | - | - | 2,694,232 | 2,694,232 | 2,694,232 | 2,694,232 |
| Total depreciable assets | 2,979,121 | 2,864,762 | 45,140,724 | 44,631,740 | 48,119,845 | 47,496,502 |
| Less accumulated depreciation | (1,011,991) | (804,225) | (12,799,626) | (12,240,523) | (13,811,617) | (13,044,748) |
| Book value - depreciable assets | 1,967,130 | 2,060,537 | 32,341,098 | 32,391,217 | 34,308,228 | 34,451,754 |
| Percentage depreciated | -34% | -28% | -28% | -27% | -29% | -27% |
| Net book value - all assets | <u>\$13,304,317</u> | <u>\$13,311,494</u> | <u>\$33,239,983</u> | <u>\$33,290,102</u> | <u>\$46,544,300</u> | <u>\$46,601,596</u> |

At December 31, 2011, the depreciable capital assets for governmental activities were 34% depreciated. This compares to 28% at December 31, 2010. The District has adopted the modified approach to report infrastructure in governmental type activities. Under the modified approach, the expenditures incurred to preserve infrastructure, at or above the governmental designated condition levels, are not capitalized. Therefore, expenditures to improve infrastructures are recorded under the public works section. The actual expense for the street maintenance came in slightly higher than budget, and resulted in a increase of \$2,519. The District's policy is to achieve a rating of 85 PCI rating or higher on all streets. In 2010, we estimated 93.66% of our roadways were rated at good or better, which exceeded our policy. This rating allows for minor cracking and oxidation of the pavement with minor roughness that could be noticeable. All scheduled work was completed. The next condition assessment will be completed in 2012. Please refer to pages 57 & 58 for additional information.

With the District's business-type activities, 28% of the asset values were depreciated at December 31, 2011 and 27% at December 31, 2010.

Long-term Debt

At the end of the year the District had long-term debt outstanding of \$8,477,967. Of this amount, \$5,875,716 comprises debt backed by the full faith and credit of the District. The remainder of the District's debt represents debt secured by revenue bonds and the recording of compensated absences. See Note 5 for additional information.

| | Governmental Activities | | Business-type Activities | | Total | | % Change |
|----------------------|-------------------------|--------------------|--------------------------|--------------------|--------------------|---------------------|----------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | |
| Revenue Bonds | \$ - | \$ - | \$ 689,564 | \$ 847,479 | \$689,564 | \$847,479 | 18.6% |
| GO Bonds | 5,875,716 | 7,207,144 | - | - | 5,875,716 | 7,207,144 | 18.5% |
| DWRF Loans | - | - | 1,863,064 | 1,953,721 | 1,863,064 | 1,953,721 | -4.6% |
| Compensated Absences | 23,448 | 19,391 | 26,175 | 25,984 | 49,623 | 45,375 | 9.4% |
| Total Long-term Debt | <u>\$5,899,164</u> | <u>\$7,226,535</u> | <u>\$2,578,803</u> | <u>\$2,827,184</u> | <u>\$8,477,967</u> | <u>\$10,053,719</u> | 15.7% |

Economic Conditions Affecting the District

The District's economy has traditionally been residential. In the past five years a new commercial center has been added within the District's boundaries, adding approximately 24 commercial units, including a market, gas station and carwash, restaurants, fitness center, drycleaners, banking institutions and miscellaneous retail stores. Even with slower growth in the housing development, and the economic turn-down, the District believes the future is financially stable in the Village.

The primary revenue source for the District is property tax. The District levied a total of 33.834 mills in 2011 which was distributed to the general fund (23.134 mills) and to the debt service fund (10.700 mills). The District's debt service fund net assets increased to \$1,992,464 which is reserved for future debt service payments.

Request for Information

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. Questions concerning any of the information provided in this report, or request for additional information should be addressed to the Castle Pines Metropolitan District, Attn: Paul V. Dannels, 5880 Country Club Drive, Castle Rock, Colorado, 80108.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF NET ASSETS

December 31, 2011

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| <u>ASSETS</u> | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents (Note 2) | \$ 1,092,687 | \$ | \$ 1,092,687 |
| Cash with Fiscal Agent | 18,433 | | 18,433 |
| Investments (Note 2) | 7,106,114 | 4,901,621 | 12,007,735 |
| Receivables: | | | |
| Accounts | 98,414 | 231,381 | 329,795 |
| Accrued Interest | 1,004 | | 1,004 |
| Property Taxes | 4,599,159 | | 4,599,159 |
| Interfund (Note 4) | 7,923 | (7,923) | |
| Inventory | 3,584 | | 3,584 |
| Deposits | 25,000 | 25,000 | 50,000 |
| Total Current Assets | <u>12,952,318</u> | <u>5,150,079</u> | <u>18,102,397</u> |
| OTHER ASSETS | | | |
| Capital Assets (Note 3): | | | |
| Nondepreciable Capital Assets | 11,337,187 | 898,885 | 12,236,072 |
| Depreciable Capital Assets, Net | 1,967,130 | 32,341,098 | 34,308,228 |
| Deferred Charges (Note 5) | 58,681 | 27,796 | 86,477 |
| Total Other Assets | <u>13,362,998</u> | <u>33,267,779</u> | <u>46,630,777</u> |
| Total Assets | <u>26,315,316</u> | <u>38,417,858</u> | <u>64,733,174</u> |
| <u>LIABILITIES</u> | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 71,651 | 84,576 | 156,227 |
| Accrued Expenses | 922 | | 922 |
| Retainage Payable | 64,434 | | 64,434 |
| Unearned Income | 4,599,159 | 12,328 | 4,611,487 |
| Accrued Interest Payable | 18,737 | 28,337 | 47,074 |
| Compensated Absences Payable, Current (Note 5) | 1,500 | 1,500 | 3,000 |
| General Obligation Bonds, Current (Note 5) | 1,403,647 | | 1,403,647 |
| Revenue Bonds Payable, Current (Note 5) | | 175,000 | 175,000 |
| Loans Payable, Current (Note 5) | | 94,091 | 94,091 |
| Advanced Refunding, Current (Note 5) | (7,549) | (7,071) | (14,620) |
| Total Current Liabilities | <u>6,152,501</u> | <u>388,761</u> | <u>6,541,262</u> |
| LONG-TERM LIABILITIES | | | |
| Compensated Absences Payable, Net of Current (Note 5) | 21,948 | 24,675 | 46,623 |
| General Obligation Bonds, Net of Current (Note 5) | 4,560,943 | | 4,560,943 |
| Revenue Bonds Payable, Net of Current (Note 5) | | 575,000 | 575,000 |
| Loans Payable, Net of Current (Note 5) | | 1,768,973 | 1,768,973 |
| Advanced Refunding, Net of Current (Note 5) | (22,644) | (25,569) | (48,213) |
| Total Long-Term Liabilities | <u>4,560,247</u> | <u>2,343,079</u> | <u>6,903,326</u> |
| Total Liabilities | <u>10,712,748</u> | <u>2,731,840</u> | <u>13,444,588</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt (Note 10) | 7,369,920 | 30,659,559 | 38,029,479 |
| Restricted for: | | | |
| Emergency Reserve - Tabor (Note 12) | 103,000 | | 103,000 |
| Debt Service | 1,992,464 | | 1,992,464 |
| Unrestricted | 6,137,184 | 5,026,459 | 11,163,643 |
| Total Net Assets | <u>\$ 15,602,568</u> | <u>\$ 35,686,018</u> | <u>\$ 51,288,586</u> |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

| Function/Program | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|-------------------------------|------------------|--------------------------------|----------------------------------|---|--------------------------|----------------|
| | Expenses | Charges for Services and Sales | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | |
| General Government | \$ 1,274,299 | \$ 97,380 | \$ 40,146 | \$ (1,274,299) | \$ | \$ (1,274,299) |
| Public Works | 2,377,485 | | | (2,239,959) | | (2,239,959) |
| Interest | 274,066 | | | (274,066) | | (274,066) |
| Total Governmental Activities | 3,925,850 | 97,380 | 40,146 | (3,788,324) | | (3,788,324) |
| Business-Type Activities: | | | | | | |
| Water and Sewer | 3,589,421 | 3,666,907 | 435,980 | | 513,466 | 513,466 |
| Total Function/Program | \$ 7,515,271 | \$ 3,764,287 | \$ 476,126 | (3,788,324) | 513,466 | (3,274,858) |
| General Revenues | | | | | | |
| Property Taxes | | | | 5,450,758 | | 5,450,758 |
| Specific Ownership Taxes | | | | 359,792 | | 359,792 |
| Investment Earnings | | | | 29,274 | 16,921 | 46,195 |
| Miscellaneous | | | | 10,225 | 19,324 | 29,549 |
| Total General Revenues | | | | 5,850,049 | 36,245 | 5,886,294 |
| Transfers | | | | (353,632) | 353,632 | |
| Change in Net Assets | | | | 1,708,093 | 903,343 | 2,611,436 |
| NET ASSETS, Beginning of Year | | | | 13,894,475 | 34,782,675 | 48,677,150 |
| NET ASSETS, End of Year | | | | \$ 15,602,568 | \$ 35,686,018 | \$ 51,288,586 |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2011

| | General | Debt Service | Total Governmental Funds |
|--------------------------------------|---------------------|---------------------|--------------------------------|
| <u>ASSETS</u> | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,092,687 | \$ | \$ 1,092,687 |
| Cash with Fiscal Agent | 18,433 | | 18,433 |
| Investments | 5,110,404 | 1,995,710 | 7,106,114 |
| Receivables: | | | |
| Accounts | 98,414 | | 98,414 |
| Accrued Interest | 1,004 | | 1,004 |
| Property Taxes | 3,457,321 | 1,141,838 | 4,599,159 |
| Interfund | 11,169 | | 11,169 |
| Inventory | 3,584 | | 3,584 |
| Deposits | 25,000 | | 25,000 |
| Total Current Assets | <u>9,818,016</u> | <u>3,137,548</u> | <u>12,955,564</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 71,651 | | 71,651 |
| Accrued Expenditures | 922 | | 922 |
| Interfund Payable | | 3,246 | 3,246 |
| Retainage Payable | 64,434 | | 64,434 |
| Deferred Revenue | 3,457,321 | 1,141,838 | 4,599,159 |
| Total Current Liabilities | <u>3,594,328</u> | <u>1,145,084</u> | <u>4,739,412</u> |
| FUND BALANCES | | | |
| Nonspendable | | | |
| Inventory | 3,584 | | 3,584 |
| Restricted | | | |
| Emergency Reserve - Tabor | 103,000 | | 103,000 |
| Debt Service | | 1,992,464 | 1,992,464 |
| Unassigned | 6,117,104 | | 6,117,104 |
| Total Fund Balances | <u>6,223,688</u> | <u>1,992,464</u> | <u>8,216,152</u> |
| Total Liabilities and Fund Balances | <u>\$ 9,818,016</u> | <u>\$ 3,137,548</u> | <u>\$ 12,955,564</u> |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

December 31, 2011

| | |
|----------------------------------|--------------|
| Total Governmental Fund Balances | \$ 8,216,152 |
|----------------------------------|--------------|

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net assets, the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

| | | |
|-------------------------------|--------------------|-----------|
| Cost of capital assets | \$ 2,979,121 | |
| Less accumulated depreciation | <u>(1,011,991)</u> | 1,967,130 |

| | |
|--|------------|
| Infrastructure donated by developers is not financial resources and therefore not reported in the funds. However, in the statement of net assets, the value of these assets are capitalized. | 11,337,187 |
|--|------------|

Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:

| | |
|--------------------------------|--------------|
| Interfund/advances receivables | (3,246) |
| Interfund/advances payables | <u>3,246</u> |

Liabilities that are not due and payable in the current period, and therefore are not reported at fund reporting level, are reported on the government-wide statement of net assets.

| | | |
|------------------------------|--------------------|--------------------|
| General Obligation Bonds | (5,810,000) | |
| Deferred Amount on Refunding | 30,193 | |
| Cost of Issuance | 58,681 | |
| Bond Premium | (154,590) | |
| Compensated Absences | (23,448) | |
| Accrued Interest Payable | <u>\$ (18,737)</u> | <u>(5,917,901)</u> |

| | |
|---------------------------------------|-----------------------------|
| Net Assets of Governmental Activities | <u><u>\$ 15,602,568</u></u> |
|---------------------------------------|-----------------------------|

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

| | General | Debt Service | Total Governmental Funds |
|--------------------------------------|---------------------|---------------------|--------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 3,733,861 | \$ 1,716,897 | \$ 5,450,758 |
| Specific Ownership Tax | 359,792 | | 359,792 |
| Investment Earnings | 24,302 | 4,972 | 29,274 |
| Charges for Services | 97,380 | | 97,380 |
| Miscellaneous | 10,225 | | 10,225 |
| Total Revenues | <u>4,225,560</u> | <u>1,721,869</u> | <u>5,947,429</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 1,227,849 | 25,969 | 1,253,818 |
| Public Works | 2,202,571 | | 2,202,571 |
| Capital Outlay | 160,443 | | 160,443 |
| Debt Service: | | | |
| Principal Retirement | | 1,315,000 | 1,315,000 |
| Interest and Fiscal Charges | | 277,450 | 277,450 |
| Bond Agent Fees | | 1,000 | 1,000 |
| Total Expenditures | <u>3,590,863</u> | <u>1,619,419</u> | <u>5,210,282</u> |
| Excess of Revenues Over Expenditures | <u>634,697</u> | <u>102,450</u> | <u>737,147</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | <u>(353,632)</u> | | <u>(353,632)</u> |
| Total Other Financing Sources (Uses) | <u>(353,632)</u> | | <u>(353,632)</u> |
| NET CHANGES IN FUND BALANCES | 281,065 | 102,450 | 383,515 |
| FUND BALANCES, Beginning of Year | <u>5,942,623</u> | <u>1,890,014</u> | <u>7,832,637</u> |
| FUND BALANCES, End of Year | <u>\$ 6,223,688</u> | <u>\$ 1,992,464</u> | <u>\$ 8,216,152</u> |

See accompanying notes to the basic financial statements.

CASTLE PINES 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, 2011

| | | |
|---|----|---------|
| Net Changes In Fund Balances - Total Governmental Funds | \$ | 383,515 |
|---|----|---------|

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

| | | | |
|----------------------|----|----------------|----------|
| Depreciation expense | \$ | (207,766) | |
| Capital outlay | | <u>160,443</u> | (47,323) |

Governmental funds do not report capital assets from developer contributions. However, the statement of activities reports the current year amounts from developers as contributions and capital assets.

40,146

Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

1,315,000

Refunding bond issuance costs and premiums are expenditures in the governmental funds, but these costs are shown as other assets on the statement of net assets.

16,428

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | | |
|--------------------------------|---------------|----------------|
| Liability at December 31, 2011 | (23,448) | |
| Liability at December 31, 2010 | <u>19,391</u> | <u>(4,057)</u> |

Interest expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.

| | | |
|--------------------------------|------------------|--------------|
| Liability at December 31, 2011 | (18,737) | |
| Liability at December 31, 2010 | <u>\$ 23,121</u> | <u>4,384</u> |

| | | |
|---|-----------|------------------|
| Change In Net Assets of Governmental Activities | <u>\$</u> | <u>1,708,093</u> |
|---|-----------|------------------|

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND

December 31, 2011

(With Comparative Totals as of December 31, 2010)

| | 2011 | 2010 |
|--|---------------|---------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Investments | \$ 4,901,621 | \$ 4,283,566 |
| Accounts Receivable | 231,381 | 226,950 |
| Prepays | | 24,469 |
| Deposits | 25,000 | |
| Total Current Assets | 5,158,002 | 4,534,985 |
| NONCURRENT ASSETS | | |
| Capital Assets: | | |
| Nondepreciable Capital Assets | 898,885 | 898,885 |
| Depreciable Capital Assets, Net | 32,341,098 | 32,391,217 |
| Bond Issuance Costs | 27,796 | 33,354 |
| Total Noncurrent Assets | 33,267,779 | 33,323,456 |
| Total Assets | 38,425,781 | 37,858,441 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 84,576 | 181,763 |
| Interfund | 7,923 | 857 |
| Customer Deposits | | 1,585 |
| Accrued Interest | 28,337 | 31,023 |
| Unearned Revenue | 12,328 | |
| Compensated Absences Payable, Current Portion | 1,500 | 1,500 |
| Revenue Bonds Payable, Current Portion | 175,000 | 170,000 |
| Loans Payable, Current Portion | 94,091 | 90,658 |
| Deferred Bond Refunding, Current Portion | (7,071) | (6,527) |
| Total Current Liabilities | 396,684 | 470,859 |
| LONG-TERM LIABILITIES | | |
| Compensated Absences Payable, Net of Current Portion | 24,675 | 24,484 |
| Revenue Bonds Payable, Net of Current Portion | 575,000 | 750,000 |
| Loans Payable, Net of Current Portion | 1,768,973 | 1,863,063 |
| Deferred Bond Refunding, Net of Current Portion | (25,569) | (32,640) |
| Total Long-Term Liabilities | 2,343,079 | 2,604,907 |
| Total Liabilities | 2,739,763 | 3,075,766 |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 30,659,559 | 30,455,548 |
| Unrestricted | 5,026,459 | 4,327,127 |
| Total Net Assets | \$ 35,686,018 | \$ 34,782,675 |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

| | 2011 | 2010 |
|---|---------------|---------------|
| OPERATING REVENUES | | |
| Charges for Services, Pledged to Debt | \$ 3,379,111 | \$ 3,408,094 |
| Effluent Pumping | 268,382 | 325,755 |
| Miscellaneous | 19,414 | 5,427 |
| Total Operating Revenues | 3,666,907 | 3,739,276 |
| OPERATING EXPENSES | | |
| Depreciation | 931,082 | 904,724 |
| Administration | 795,823 | 820,831 |
| System Operation | 1,466,237 | 1,513,607 |
| Total Operating Expenses | 3,193,142 | 3,239,162 |
| OPERATING INCOME | 473,765 | 500,114 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest and Fiscal Charges | (104,182) | (112,942) |
| Water Resources | (280,012) | (215,841) |
| Investment Earnings | 16,921 | 28,873 |
| Bond Amortization | (12,085) | (12,085) |
| Revenue Rebate | 15,044 | |
| Meter Sales (Net) | 4,280 | 840 |
| Total Nonoperating Revenues (Expenses) | (360,034) | (311,155) |
| Income Before Contributions and Transfers | 113,731 | 188,959 |
| Capital Contributions (Tap and Developer) | 435,980 | |
| Transfers In | 353,632 | 356,430 |
| CHANGE IN NET ASSETS | 903,343 | 545,389 |
| NET ASSETS, Beginning of Year | 34,782,675 | 34,237,286 |
| NET ASSETS, End of Year | \$ 35,686,018 | \$ 34,782,675 |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Customers | \$ 3,699,609 | \$ 3,856,457 |
| Cash Payments to Employees | (657,503) | (671,707) |
| Cash Payments for Goods and Services | <u>(1,982,096)</u> | <u>(1,997,445)</u> |
| Net Cash Provided by Operating Activities | <u>1,060,010</u> | <u>1,187,305</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers In | <u>353,632</u> | <u>356,430</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>353,632</u> | <u>356,430</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Principal Paid on Bonds and Loans | (260,657) | (257,353) |
| Interest Paid on Revenue Bonds and Loans | (106,868) | (115,444) |
| Net Payments for Capital Acquisitions | <u>(444,983)</u> | <u>(304,700)</u> |
| Net Cash Used in Capital and Related Financing Activities | <u>(812,508)</u> | <u>(677,497)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment Earnings | <u>16,921</u> | <u>28,873</u> |
| Net Cash Provided by Investing Activities | <u>16,921</u> | <u>28,873</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 618,055 | 895,111 |
| CASH AND CASH EQUIVALENTS, Beginning of Year | <u>4,283,566</u> | <u>3,388,455</u> |
| CASH AND CASH EQUIVALENTS, End of Year | <u>\$ 4,901,621</u> | <u>\$ 4,283,566</u> |

(Continued)

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND (Continued)

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating Income | \$ 473,765 | \$ 500,114 |
| ADJUSTMENTS: | | |
| Depreciation Expense | 931,082 | 904,724 |
| Sales of Meters and Rebates | 4,280 | 840 |
| Water Resources | (280,012) | (215,841) |
| Revenue Rebate | 15,044 | |
| (INCREASE) DECREASE IN ASSETS: | | |
| Accounts Receivable | (4,431) | 27,678 |
| Accrued Interest Receivable | | 4,374 |
| Interfund | | 83,022 |
| Prepays | 24,469 | (24,469) |
| Deposits | (25,000) | |
| INCREASE (DECREASE) IN LIABILITIES: | | |
| Accounts Payable | (97,187) | (96,308) |
| Interfund Payable | 7,066 | 857 |
| Unearned Revenue | 12,328 | |
| Compensated Absences Payable | 191 | 1,904 |
| Customer Deposits | (1,585) | 410 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 1,060,010</u> | <u>\$ 1,187,305</u> |
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | |
| Property Contributed by Developers | <u>\$ 435,980</u> | <u>\$</u> |

See accompanying notes to the basic financial statements.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Castle Pines Metropolitan District (the District) was organized by a court order on June 14, 1973, following an election by the property owners in the District and is governed by an elected five-member Board of Directors. As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments.

The primary functions of the District are to provide street repair and maintenance, snow removal, road right-of-way maintenance, water treatment and distribution, sewer collection, and storm drainage management services to the property owners of Castle Pines Village.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The District also applies Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) statements issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. The District has elected not to apply those FASB ASC statements issued after November 30, 1989.

The most significant of the District's accounting policies are described below.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the District in that the District approves the budget, levies their taxes, or issues their debt. Based upon the above criteria, the reporting entity includes the District, and does not include any component units, nor is the District a component unit of another entity.

Government-wide Financial Statements - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the financial position of the governmental and business-type activities of the District.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and for each identifiable activity of the business-type activities of the District. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities, including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources, not properly included with program revenues, are reported as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting - The District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District uses two categories of funds: governmental and proprietary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and liabilities as fund balance. The following are the District's major governmental funds:

The General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the District for any purpose, provided it is expended or transferred according to the general laws of Colorado.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Governmental Funds (Continued)

The Debt Service Fund - This fund is used to accumulate resources for payments of principal and interest on long-term general obligation debt.

Proprietary Fund - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The proprietary fund is classified as a major enterprise fund.

The Water and Sewer Fund - This fund is used for the District's water distribution and sewer collection activities.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. The proprietary fund uses the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions, in which the District receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, and federal and state grants.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenue is classified as "unearned income" on the statement of net assets.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and amounts deposited in the bank and pooled state regulated investment accounts subject to immediate withdrawal, purchased with an original maturity date of three months or less.

Investments are stated at fair value based on quoted market prices.

Receivables

Receivables consist of taxes receivable and accounts receivable (billings for user charges, including unbilled utility receivables).

Receivables and payables are recorded on the District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Tap fees, user fees and similar fees set from time to time by the District's governing board, constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed upon as provided by the laws of the

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/ interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Inventory

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method).

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets used by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise fund's statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, including infrastructure donated from developers, are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets used by the enterprise fund is capitalized.

The District's infrastructure consists of roads. The District uses the modified approach for reporting infrastructure for the governmental funds.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

All reported capital assets are depreciated except for land, easements, construction in progress, and infrastructure. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the District's historical records of necessary improvements and replacement. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

| | |
|-----------------------------------|----------------|
| Buildings | 50 - 60 years |
| Improvements other than buildings | 20 - 100 years |
| Machinery and equipment | 1 - 20 years |

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Bonds are recognized as a liability in the governmental fund financial statements when due.

CASTLE PINES METROPOLITAN DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are reported as deferred charges. On the government-wide and enterprise fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

Governmental funds report the effect of bond issuance costs, premiums and discounts when debt is first issued.

Fund Balance/Net Assets

The District implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Directors, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Directors.

Assigned - includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the District Manager.

Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance/Net Assets (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors or District Manager provided otherwise in its commitment or assignment actions.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond premiums and discounts. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for water and sewer. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Property Taxes

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year, and are payable in two equal installments due February 28 and June 15, if paid in installments, or April 30, if paid in a single payment. Taxes are delinquent as of August 1. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, as all taxes are deemed collectible. The District levied 33.834 mills for property taxes to be collected in 2011.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions of Capital

Contributions of capital in government-wide, governmental, and proprietary fund financial statements arise from outside contributions of capital assets, tap fees or from other outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Comparative Data

The basic financial statements include certain prior-year partial comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2010, from which the partial information was derived. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Budgetary Information

Formal budgetary integration is employed as a management control device during the year for all the funds. Formal budgetary integration is also employed to comply with Budget Law of the State of Colorado. The Board of Directors adopted the District's budget in accordance with the Colorado Revised Statutes. Appropriation for all funds lapses at the year-end.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

The appropriated budget is prepared by fund, function, and department. The District's department head may recommend a transfer of appropriations within a department function. Transfer of appropriations between funds requires the approval of the Board of Directors.

The budgets for governmental fund types are adopted on a basis which is consistent with GAAP. The budgets for proprietary funds are adopted on a basis which differs from GAAP in that depreciation on fixed assets is not provided and capital expenditures are included in the budget. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Total fund expenditure amounts, including transfers out, determine the level at which expenditures may not legally exceed appropriations. Colorado Revised Statutes require the District to adopt a balanced budget. The District's Board of Directors can amend the budget and adopt supplemental budgets in accordance with the Colorado Revised Statutes. The District did not amend the 2011 budget.

NOTE 2: CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is \$250,000 per official custodian. As part of the Dodd-Frank Wall Street Reform and Customer Protection Act passed by Congress on July 21, 2010, a separate and unlimited deposit insurance coverage is provided for accounts that meet the definition of “non-interest bearing transaction account” which is separate from the \$250,000 coverage provided for other types of accounts. This additional coverage is effective through December 31, 2012. At December 31, 2011, the District’s cash deposits had a book balance of \$1,092,687 and a corresponding bank balance of \$1,123,780. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the banks. Of the bank balance, \$345,597 was covered by federal depository insurance. The remainder of the bank balance, \$778,183, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

Investments

The District’s investment policy limits investment instruments to the following:

- Local government investment pools authorized under CRS 24-75-702.
- Money market funds authorized under CRS 24-75-601.1(1)(k).
- Certificates of deposit in state or national banks or in state or federally chartered savings banks as authorized by CRS Section 24-75-603, et seq., and are insured by the FDIC. The selected bank(s) shall collateralize certificates of deposit that exceed the FDIC insured amount in accordance with the PDPA, CRS 11-10.5-101 et seq.
- Direct obligations of the United States Treasury that are sold at discount or have semi-annual interest payments, i.e., U.S. Treasury bills, notes, and bonds.

At December 31, 2011, the District’s certificates of deposit had book and bank balances of \$2,015,148, respectively. Of the bank balance, \$500,000 was covered by federal depository insurance. The remainder of the bank balance, \$1,515,148, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2011, the District had invested \$7,953,475 in the Colorado Government Liquid Asset Trust (COLOTRUST). This investment pool was established for local government entities in Colorado to pool surplus funds for investment purposes by State statute. These funds operate similarly to a money market fund, and each share is equal in value to \$1.00. Investments in local government investment pools are not evidenced by securities that exist in physical or book form. Investments consist of U.S. Treasury bills, notes and repurchase agreements collateralized by U.S. Treasury securities. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. Financial statements for COLOTRUST may be obtained at www.colotrust.com. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST.

Interest Rate Risk - The District's investment policy states that the District will appropriately diversify the investment portfolio among investment types and maturities as a means of limiting its exposure to fair value losses arising from prevailing market interest rates.

Credit Risk - The District's investment policy limits investments in higher risk instruments, such as derivatives. The policy does not specifically address nationally recognized credit ratings for investments.

Concentration of Credit Risk - The District's investment policy limits over-concentration in securities from specific issuers; a business sector, excluding U.S. Treasury Securities; or single class of securities.

| | Fair Market Value | Maturity | Rating |
|-------------------------|----------------------|------------------|--------|
| COLOTRUST | \$ 7,953,475 | N/A | AAAm |
| Certificates of Deposit | 2,015,148 | 10/1/12 - 8/8/13 | None |
| Federal Home Loan Bonds | 2,039,112 | 5/30/2012 | AAA |
| Total Investments | <u>\$ 12,007,735</u> | | |

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Cash and investments reported on the statement of net assets at December 31, 2011 are as follows:

| | Cash and Cash Equivalents | Investments |
|------------------------------------|------------------------------|----------------------|
| Fund Reporting Level: | | |
| Governmental Funds - Balance Sheet | \$ 1,092,687 | \$ 5,110,404 |
| Governmental Funds - Restricted | | |
| - Debt Service | | 1,995,710 |
| Proprietary Fund Type Statement of | | |
| Net Assets - Unrestricted | | 4,901,621 |
| Total Cash and Investments | <u>\$ 1,092,687</u> | <u>\$ 12,007,735</u> |

NOTE 3: CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2011, was as follows:

| | Balance 12/31/2010 | Additions | Deductions | Balance 12/31/2011 |
|--|-----------------------|-------------------|------------|-----------------------|
| Governmental Activities | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Infrastructure | \$ 11,250,957 | \$ 86,230 | \$ | \$ 11,337,187 |
| Total Capital Assets Not Being Depreciated | <u>11,250,957</u> | <u>86,230</u> | | <u>11,337,187</u> |
| Depreciable Capital Assets: | | | | |
| Building and Improvements | | 10,991 | | 10,991 |
| Machinery & Equipment | 2,864,762 | 103,368 | | 2,968,130 |
| Total Depreciable Capital Assets | <u>2,864,762</u> | <u>114,359</u> | | <u>2,979,121</u> |
| Accumulated Depreciation: | | | | |
| Building and Improvements | | (1,099) | | (1,099) |
| Machinery & Equipment | (804,225) | (206,667) | | (1,010,892) |
| Total Accumulated Depreciation | <u>(804,225)</u> | <u>(207,766)</u> | | <u>(1,011,991)</u> |
| Total Capital Assets Being Depreciated, Net | <u>2,060,537</u> | <u>(93,407)</u> | | <u>1,967,130</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 13,311,494</u> | <u>\$ (7,177)</u> | <u>\$</u> | <u>\$ 13,304,317</u> |

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 3: CAPITAL ASSETS (Continued)

Business-type activities capital asset activity for the year ended December 31, 2011, was as follows:

| | Balance 12/31/2010 | Additions | Deductions | Balance 12/31/2011 |
|---|-----------------------|-------------|------------|-----------------------|
| Business-Type Activities | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 898,885 | \$ | \$ | \$ 898,885 |
| Depreciable Capital Assets: | | | | |
| Building | 5,714,788 | 33,237 | | 5,748,025 |
| Improvements Other Than Building | 29,082,321 | 576,744 | | 29,659,065 |
| Machinery & Equipment | 7,140,399 | 270,982 | (371,979) | 7,039,402 |
| Water Rights | 2,694,232 | | | 2,694,232 |
| Total Depreciable Capital Assets | 44,631,740 | 880,963 | (371,979) | 45,140,724 |
| Accumulated Depreciation: | | | | |
| Building | (1,380,795) | (131,749) | | (1,512,544) |
| Improvements Other Than Building | (6,253,543) | (697,518) | 371,979 | (6,579,082) |
| Machinery & Equipment | (4,052,856) | (73,721) | | (4,126,577) |
| Water Rights | (553,329) | (28,094) | | (581,423) |
| Total Accumulated Depreciation | (12,240,523) | (931,082) | 371,979 | (12,799,626) |
| Total Capital Assets Being Depreciated, Net | 32,391,217 | (50,119) | | 32,341,098 |
| Business-Type Activities Capital Assets, Net | \$ 33,290,102 | \$ (50,119) | \$ | \$ 33,239,983 |

Depreciation expense by function:

Governmental Activities:

| | |
|--|------------|
| General Government | \$ 32,852 |
| Public Works | 174,914 |
| Total Governmental Activities Depreciation Expense | \$ 207,766 |

Business-Type Activities:

| | |
|---|------------|
| Water and Sewer | \$ 931,082 |
| Total Business-Type Activities Depreciation Expense | \$ 931,082 |

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 3: CAPITAL ASSETS (Continued)

Infrastructure

Historically, infrastructure assets were not reflected within the accounting records, nor was consumption of these assets measured. This category of assets typically includes roads, curbs and gutters, drainage systems, etc.

GASB 34 provides for an alternative approach to depreciation for measuring the value of infrastructure assets and the related costs incurred to maintain their service lives at a locally established minimum standard. In order to adopt this alternative method, the District has elected to use the "Modified Approach." Total infrastructure recorded in the government-wide governmental activities capital assets is \$11,337,187.

NOTE 4: INTERFUND BALANCES

Interfund balances reported on the statement of net assets at December 31, 2011, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made.

| | <u>Due From</u> | <u>Due To</u> |
|----------------------|------------------|------------------|
| General Fund | \$ 11,169 | \$ |
| Debt Service Fund | | 3,246 |
| Water and Sewer Fund | | <u>7,923</u> |
| Total | <u>\$ 11,169</u> | <u>\$ 11,169</u> |

Interfund transfers represent annual funds transferred from the General Fund to the Water and Sewer Enterprise Fund, up to a maximum of ten percent of total enterprise service revenue.

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|----------------------|--------------------|---------------------|
| General Fund | \$ | \$ 353,632 |
| Water and Sewer Fund | <u>353,632</u> | |
| Total | <u>\$ 353,632</u> | <u>\$ 353,632</u> |

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 5: LONG-TERM DEBT

General Obligation Refunding Bonds

General Obligation Refunding Bonds, Series 2008, were issued on December 5, 2008, in the amount of \$9,545,000, with interest rates starting at 4% in 2009 and gradually decreasing to 3.75% in 2014. The bonds were issued to advance refund \$9,660,000 of outstanding General Obligation Bonds Series 1997. Net proceeds of \$9,712,840 (after payment of \$102,691 in underwriting fees, insurance, and other issuance costs) were deposited with an escrow agent to provide for all future debt service payments on the 1997 Series bonds. As a result, the 1997 Series bonds are considered to be defeased, and the liability for those bonds has been removed from the statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$52,840. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2015 using the effective-interest method. The balance in this account was \$30,193 as of December 31, 2011.

The bonds were issued at a premium (difference between the face value of the bonds and the price they were issued for) of \$270,531. This difference, reported in the accompanying financial statements as an addition to bonds payable, is being charged to operations through the year 2015 using the effective-interest method. The balance in this account was \$154,590 as of December 31, 2011.

Bond issuance costs of \$102,691 are being charged to operations through the year 2015 using the effective-interest method. The balance in this account was \$58,681 as of December 31, 2011.

The requirements to amortize the revenue refunding bonds outstanding as of December 31, 2011, including interest, are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2012 | \$ 1,365,000 | \$ 224,850 | \$ 1,589,850 |
| 2013 | 1,425,000 | 170,250 | 1,595,250 |
| 2014 | 1,480,000 | 113,250 | 1,593,250 |
| 2015 | 1,540,000 | 57,750 | 1,597,750 |
| Total | <u>\$ 5,810,000</u> | <u>\$ 566,100</u> | <u>\$ 6,376,100</u> |

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 5: LONG-TERM DEBT (Continued)

Business-type Activities

Water and Sewer Revenue Refunding Bonds, Series 2003, were issued on December 15, 2003, in the amount of \$2,005,000, with interest rates starting at 1.2% in 2004 and gradually increasing to 3.9% in 2015. The bonds were issued to advance refund \$1,873,783 of outstanding Revenue Bonds Series 1996 and 2001. Net proceeds of \$1,997,940 (after payment of \$47,740 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities.

Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1996 and 2001 Series bonds. As a result, the 1996 and 2001 Series bonds are considered to be defeased, and the liability for those bonds has been removed from the statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$84,855. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2015 using the effective-interest method. The balance in this account was \$32,640 as of December 31, 2011.

Bond issuance costs of \$72,260 are being charged to operations through the year 2015 using the effective-interest method. The balance in this account was \$27,796 as of December 31, 2011.

The Water and Sewer Revenue Refunding Bond is payable from and collateralized by the District's water and sewer revenues in the amount of approximately \$822,850 through 2015. Principal and interest paid for the current year and pledged revenues received were each \$203,945. The proportion of the pledged revenue to total water and sewer revenues is not estimable because annual total fees collected fluctuate. The original purpose of the bonds was for construction of the water treatment facility. The District is required to maintain certain minimum deposits, as defined in the bond resolution, to meet debt service requirements.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 5: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

The requirements to amortize the revenue refunding bonds outstanding as of December 31, 2011, including interest, are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-------------------|------------------|-------------------|
| 2012 | \$ 175,000 | \$ 28,165 | \$ 203,165 |
| 2013 | 185,000 | 21,865 | 206,865 |
| 2014 | 190,000 | 15,020 | 205,020 |
| 2015 | 200,000 | 7,800 | 207,800 |
| Total | <u>\$ 750,000</u> | <u>\$ 72,850</u> | <u>\$ 822,850</u> |

On May 25, 2006, the District entered into a Drinking Water Revolving Fund (DWRF) Loan with the Colorado Water Resources and Power Development Authority (CWRPDA), in the principal amount of \$2,000,000 for 20 years at an annual interest rate of 3.75% for construction of a transfer station and associated piping to enable the transfer of raw water between the District's water treatment plants. The loan is payable from and collateralized by the District's water and sewer revenues in the amount of approximately \$2,176,484 through 2026. Principal and interest paid for the current year and pledged revenues received were each \$145,099. The proportion of the pledged revenue to total water and sewer revenues is not estimable because annual total fees collected fluctuate. The repayment schedule for the loan, as of December 31, 2011, including interest, is as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2012 | \$ 83,886 | \$ 61,213 | \$ 145,099 |
| 2013 | 87,061 | 58,038 | 145,099 |
| 2014 | 90,356 | 54,743 | 145,099 |
| 2015 | 93,777 | 51,322 | 145,099 |
| 2016 | 97,326 | 47,773 | 145,099 |
| 2017-2021 | 544,759 | 180,736 | 725,495 |
| 2022-2026 | 655,965 | 69,530 | 725,495 |
| Total | <u>\$ 1,653,130</u> | <u>\$ 523,355</u> | <u>\$ 2,176,485</u> |

On November 6, 2006, the District obtained an additional DWRF loan with CWRPDA in the principal amount of \$250,000 for 20 years at an annual interest rate of 3.75% for additional costs associated with the project. The loan is payable from and collateralized by the District's water and sewer revenues in the amount of approximately \$278,732 through 2027. Principal and interest paid for the current year and pledged revenues received were each \$17,983.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 5: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

The proportion of the pledged revenue to total water and sewer revenues is not estimable because annual total fees collected fluctuate. The repayment schedule for the loan as of December 31, 2011, including interest, is as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-------------------|------------------|-------------------|
| 2012 | \$ 10,205 | \$ 7,778 | \$ 17,983 |
| 2013 | 10,591 | 7,392 | 17,983 |
| 2014 | 10,992 | 6,991 | 17,983 |
| 2015 | 11,408 | 6,575 | 17,983 |
| 2016 | 11,840 | 6,143 | 17,983 |
| 2017-2021 | 66,272 | 23,642 | 89,914 |
| 2022-2026 | 79,801 | 10,113 | 89,914 |
| 2027 | 8,825 | 165 | 8,990 |
| Total | <u>\$ 209,934</u> | <u>\$ 68,799</u> | <u>\$ 278,733</u> |

Changes in Long-term Debt

Changes in the District's long-term obligations consisted of the following for the year ended December 31, 2011:

| | <u>Outstanding 1/1/2011</u> | <u>Additions</u> | <u>Reductions</u> | <u>Outstanding 12/31/2011</u> | <u>Amounts Due in One Year</u> |
|---|---------------------------------|------------------|---------------------|-----------------------------------|------------------------------------|
| Governmental Activities | | | | | |
| 2008 GO Refunding Bonds | \$ 7,125,000 | \$ | \$ 1,315,000 | \$ 5,810,000 | \$ 1,365,000 |
| Deferred Amount on Refunding | (37,742) | | (7,549) | (30,193) | (7,549) |
| Cost of Issuance (2008 GO Bonds) | (73,351) | | (14,670) | (58,681) | (14,670) |
| Bond Premium (2008 GO Bonds) | 193,237 | | 38,647 | 154,590 | 38,647 |
| Compensated Absences | 19,391 | 40,106 | 36,049 | 23,448 | 1,500 |
| Total Governmental Activities | <u>\$ 7,226,535</u> | <u>\$ 40,106</u> | <u>\$ 1,367,477</u> | <u>\$ 5,899,164</u> | <u>\$ 1,382,928</u> |
| Business-Type Activities | | | | | |
| 2003 Water Revenue Refunding | \$ 920,000 | \$ | \$ 170,000 | \$ 750,000 | \$ 175,000 |
| DWRF Loan - May 2006 | 1,733,955 | | 80,825 | 1,653,130 | 83,886 |
| DWRF Loan - November 2006 | 219,766 | | 9,832 | 209,934 | 10,205 |
| Deferred Amount on Refunding | (39,167) | | (6,527) | (32,640) | (7,071) |
| Cost of Issuance (2003 Water Refunding) | (33,354) | | (5,558) | (27,796) | (6,022) |
| Compensated Absences | 25,984 | 52,401 | 52,210 | 26,175 | 1,500 |
| Total Business-Type Activities | <u>\$ 2,827,184</u> | <u>\$ 52,401</u> | <u>\$ 300,782</u> | <u>\$ 2,578,803</u> | <u>\$ 257,498</u> |

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 5: LONG-TERM DEBT (Continued)

Changes in Long-term Debt (Continued)

The compensated absences liability will be paid from the fund from which the employees' salaries are paid, typically by allocation of the job description between the General Fund and Enterprise Fund.

As of December 31, 2011, the District had authorized but unissued debt in the amount of \$49,190,000.

NOTE 6: DEFINED BENEFIT PENSION PLAN

Description of the Plan

The District contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA).

The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the LGDTF. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Basis of Accounting

The financial statements of the LGDTF 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 member and the employer is statutorily committed to pay these contributions to the LGDTF. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The LGDTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4, of the CRS, as amended. The contribution rate for members is 8.0 percent, and for the District, it is 10.0 percent of covered salary. A portion of the District's contribution (1.02 percent of covered salary) is allocated to the Health Care Trust Fund (See Note 7). The District is also required to pay an amortization equalization disbursement (AED) equal to 2.20 percent of the total payroll for the calendar year 2011 (2.20 percent of payroll for the calendar year 2010, and 1.80 percent of total payroll for the calendar year 2009.) Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50 percent of total payroll for calendar year 2011 (1.50 percent of total payroll for the calendar year 2010, and 1.00 percent of total payroll for the calendar year 2009). If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay the employer contribution rate, the AED and the SAED on the amounts paid for the retiree; however, no member contributions are required. For 2011, the District's covered salary was \$1,037,543. The District's contributions to LGDTF for the years ending December 31, 2011, 2010, and 2009, were \$142,384, \$137,404, and \$125,913, respectively, equal to its required contributions for each year. Employee contributions to PERA for the years ending December 31, 2011, 2010, and 2009 were \$83,003, \$79,967, and \$78,330, respectively.

NOTE 7: POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit post-employment health care trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12, of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 7: POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Plan Description (Continued)

That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Basis of Accounting for the HCTF

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

Funding Policy

The District is required to contribute at a rate of 1.02 percent of covered salary for all PERA members, as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4, of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208, of the CRS, as amended. This percentage has not changed since 2004. The District's contributions to HCTF for the years ending December 31, 2011, 2010, and 2009, were \$10,583, \$10,196, and \$9,987, respectively, equal to the required contributions for each year.

NOTE 8: DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Employees of the District who are members of the LGDTF (see Note 6) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code (IRC) Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14, of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the 401(k) Plan.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 8: DEFINED CONTRIBUTION PENSION PLAN (Continued)

Plan Description (Continued)

That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 for calendar year 2011). Catch up contributions up to \$5,500 for the calendar year 2011 were allowed for participants who had attained the age of 50 before the close of the plan year, subject to limitations of IRC §414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402, of the CRS, as amended. The District does not contribute to the 401(k) Plan. For the year ending December 31, 2011, the 401(k) Plan member contributions were \$13,852.

NOTE 9: INTER-GOVERNMENTAL AGREEMENT

In 1989, the District, the Town of Castle Rock, and Castle Pines North Metropolitan District agreed to establish the Plum Creek Wastewater Authority (PCWA). The purpose of PCWA is to provide wastewater treatment within the region to the members and other local governments. The District transferred title of the Castle Pines Wastewater plant to PCWA in June 1990. During 2011, PCWA charged the District \$291,594 for the treatment of the District's wastewater.

On December 14, 1989, the District entered into an agreement with PCWA to provide administrative, managerial and operational services. The agreement was renewed for two years on October 20, 2009. A new agreement was entered into on December 13, 2011, for the same services effective January 1, 2012 through December 31, 2013. The manager for the District is also the manager for PCWA. During 2011, the District received \$22,308, as a fee for providing these services.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 10: NET ASSETS

The “invested in capital assets, net of related debt” amounts reported on the government-wide statement of net assets as of December 31, 2011 are determined as follows:

| | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|
| Invested in Capital Assets, Net of Related Debt: | | |
| Cost of Capital Assets | \$ 14,316,308 | \$ 46,039,609 |
| Less Accumulated Depreciation | (1,011,991) | (12,799,626) |
| Net Capital Assets | 13,304,317 | 33,239,983 |
| Less Capital Related Debt | (5,810,000) | (2,613,064) |
| Plus Deferred Refunding Amounts | 30,193 | 32,640 |
| Less Bond Premium | (154,590) | |
| Invested in Capital Assets, Net of Related Debt | <u>\$ 7,369,920</u> | <u>\$ 30,659,559</u> |

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the District carries commercial insurance. Claims have not exceeded coverage in any of the three preceding years.

In October 2002, the District joined the Colorado Special Districts Property and Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for member special districts in Colorado. The District pays annual premiums to the Pool for defined property and liability coverage.

The Pool agreement also gives the Board of Directors of the Pool the power to establish that additional contributions, at such times and in such amounts as the Board determines, are needed for the purposes of the Pool. The Board may decide to distribute surplus funds among members; however, the District did not receive any such distribution for the year ended December 31, 2011. Claims have not exceeded coverage in any of the three preceding years.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 12: TABOR AMENDMENT

Colorado voters passed an amendment to the State Constitution in 1992. Article X, Section 20, (TABOR) has several limitations, including revenue raising, spending abilities, and other specific requirements for state and local governments.

The District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District is of the opinion that water and sewer operations of the District qualify for this exclusion.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

TABOR requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending (excluding bonded debt service) in 1995 and thereafter. Emergency reserves, as of December 31, 2011, totaling \$103,000 have been presented as a restriction of fund balance in the General Fund.

The District is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary benefit increases.

CASTLE PINES METROPOLITAN DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2011

NOTE 12: TABOR AMENDMENT (Continued)

TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue. On May 2, 2000, citizens voted to allow the District to collect, spend and retain all revenues and proceeds generated from any source since December 31, 1998 without regard to any limitation under TABOR. The citizens also authorized the permanent waiver of the 5.5% statutory limit.

REQUIRED SUPPLEMENTARY INFORMATION

CASTLE PINES METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2011

| | Original/Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------------|--------------|--|
| REVENUES | | | |
| Property Taxes | \$ 3,544,143 | \$ 3,733,861 | \$ 189,718 |
| Specific Ownership Tax | 360,000 | 359,792 | (208) |
| Charges for Services | 96,580 | 97,380 | 800 |
| Investment Earnings | 24,200 | 24,302 | 102 |
| Miscellaneous | 5,500 | 10,225 | 4,725 |
| Total Revenues | 4,030,423 | 4,225,560 | 195,137 |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 1,238,589 | 1,227,849 | 10,740 |
| Public Works | 2,458,568 | 2,202,571 | 255,997 |
| Capital Outlay | 219,400 | 160,443 | 58,957 |
| Total Expenditures | 3,916,557 | 3,590,863 | 325,694 |
| EXCESS OF REVENUES OVER EXPENDITURES | 113,866 | 634,697 | 520,831 |
| OTHER FINANCING USES | | | |
| Transfer Out | (353,632) | (353,632) | |
| Total Other Financing Uses | (353,632) | (353,632) | |
| NET CHANGES IN FUND BALANCE | (239,766) | 281,065 | 520,831 |
| FUND BALANCE, Beginning of Year | 5,843,130 | 5,942,623 | 99,493 |
| FUND BALANCE, End of Year | \$ 5,603,364 | \$ 6,223,688 | \$ 620,324 |

Notes:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT
INFRASTRUCTURE CONDITION AND MAINTENANCE DATA
December 31, 2011

MODIFIED APPROACH FOR CASTLE PINES METROPOLITAN STREETS –
INFRASTRUCTURE CAPITAL ASSETS

In accordance with Governmental Accounting Standards Board (GASB) 34, Castle Pines Metropolitan District (the District) is required to account for and report infrastructure capital assets. The District has several major infrastructure systems, including the street system. Each major infrastructure system can be divided into subsystems. For example, the streets can be divided into concrete and asphalt pavements, concrete curb and gutters, streetlights, traffic control devices (signs, signals and pavement markings), and land. Subsystem detail is not presented in these basic financial statements; however, the District maintains detailed information on these subsystems.

The District has elected to use the “Modified Approach” as defined by GASB 34 for infrastructure reporting for its Street Pavement System. Under GASB 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The District manages the eligible infrastructure capital assets using The Paver 5.1 Pavement Management System with characteristics of (1) maintaining an up-to-date inventory; (2) performing condition assessments and summarizing the results using a measurement scale; (3) estimating the annual amount to maintain and preserve at the established condition assessment level.
- The District documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level. The District’s Pavement Management System conducts condition assessment surveys on approximately two-thirds of the street system annually. District streets are classified based on traffic utilization into the following classifications: collector or local. Each street was assigned a physical condition based on potential defects.

| <u>Condition</u> | <u>Rating</u> |
|------------------|------------------|
| Good or Better | 85 – 100 PCI |
| Fair | 70 – 85 PCI |
| Substandard | Less than 70 PCI |

See the accompanying independent auditors’ report.

CASTLE PINES METROPOLITAN DISTRICT

INFRASTRUCTURE CONDITION AND MAINTENANCE DATA (Continued)

December 31, 2011

MODIFIED APPROACH FOR CASTLE PINES METROPOLITAN STREETS – INFRASTRUCTURE CAPITAL ASSETS (Continued)

The District's policy is to achieve a rating of 85 PCI or higher on all streets. This rating allows minor cracking and oxidation of the pavement with minor roughness that could be noticeable. Assessments of the road are normally conducted annually. The District's three most recent assessment conditions are as follows:

| <u>Condition Distribution</u> | <u>2010</u> | <u>2008</u> | <u>2007</u> |
|-------------------------------|-------------|-------------|-------------|
| Good or Better | 93.66% | 92.23% | 93.36% |
| Fair | 6.34% | 7.77% | 6.64% |
| Poor | 0.00% | 0.00% | 0.00% |

The District completed an assessment in the fall of 2010 that consisted of 2009 and 2010 capital improvement projects used in the assessment. The next assessment will be done in 2012.

The District's streets are constantly deteriorating, resulting from the following five factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; (4) winter freeze/thaw conditions and water damage from both natural and other urban run-off; and (5) growth of the existing streets system.

The District expended \$352,520 and \$348,046 in 2011 and 2010, respectively, on street maintenance and street rehabilitation. These expenditures delayed deterioration; however, the overall condition of the streets was not improved through these maintenance expenditures. The District has estimated the amount of annual expenditures required to maintain streets at an 85 PCI rating. A schedule of estimated and actual annual expenditures for street maintenance for the last six years is presented below:

| <u>Year</u> | <u>Maintenance</u> | |
|-------------|--------------------|---------------|
| | <u>Estimate</u> | <u>Actual</u> |
| 2006 | \$ 200,000 | \$ 227,918 |
| 2007 | 250,000 | 251,624 |
| 2008 | 250,000 | 245,355 |
| 2009 | 250,000 | 362,929 |
| 2010 | 350,000 | 348,046 |
| 2011 | \$ 350,000 | \$ 352,520 |

See the accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

CASTLE PINES METROPOLITAN DISTRICT

GENERAL FUND
COMPARATIVE BALANCE SHEET
 December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|---------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 1,092,687 | \$ 1,338,465 |
| Cash with Fiscal Agent | 18,433 | 26,224 |
| Investments | 5,110,404 | 4,537,237 |
| Receivables: | | |
| Accounts | 98,414 | 98,941 |
| Accrued Interest | 1,004 | 950 |
| Property Taxes | 3,457,321 | 3,724,887 |
| Interfund | 11,169 | 1,225 |
| Prepays | | 21,626 |
| Inventory | 3,584 | 3,426 |
| Deposits | 25,000 | |
| Total Current Assets | <u>9,818,016</u> | <u>9,752,981</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 71,651 | 84,043 |
| Accrued Expenditures | 922 | 1,428 |
| Retainage Payable | 64,434 | |
| Deferred Revenue | 3,457,321 | 3,724,887 |
| Total Current Liabilities | <u>3,594,328</u> | <u>3,810,358</u> |
| FUND BALANCE | | |
| Nonspendable: | | |
| Inventory | 3,584 | 3,426 |
| Prepays | | 21,626 |
| Restricted: | | |
| Emergency Reserve - Tabor | 103,000 | 62,000 |
| Unassigned | 6,117,104 | 5,855,571 |
| Total Fund Balance | <u>6,223,688</u> | <u>5,942,623</u> |
| Total Liabilities and Fund Balance | <u>\$ 9,818,016</u> | <u>\$ 9,752,981</u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--------------------------------------|----------------------------|----------------------------|
| REVENUES | | |
| Property Taxes | \$ 3,733,861 | \$ 3,736,222 |
| Specific Ownership Tax | 359,792 | 366,381 |
| Investment Earnings | 24,302 | 50,421 |
| Charges for Services | 97,380 | 91,911 |
| Miscellaneous | <u>10,225</u> | <u>5,675</u> |
| Total Revenues | <u>4,225,560</u> | <u>4,250,610</u> |
| EXPENDITURES | | |
| Current: | | |
| General Government | 1,227,849 | 1,170,613 |
| Public Works | 2,202,571 | 1,037,114 |
| Capital Outlay | <u>160,443</u> | <u>173,928</u> |
| Total Expenditures | <u>3,590,863</u> | <u>2,381,655</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>634,697</u> | <u>1,868,955</u> |
| OTHER FINANCING USES | | |
| Transfer Out | <u>(353,632)</u> | <u>(356,430)</u> |
| NET CHANGES IN FUND BALANCE | 281,065 | 1,512,525 |
| FUND BALANCE, Beginning of Year | <u>5,942,623</u> | <u>4,430,098</u> |
| FUND BALANCE, End of Year | <u><u>\$ 6,223,688</u></u> | <u><u>\$ 5,942,623</u></u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
 December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|-------------------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Investments | \$ 1,995,710 | \$ 1,889,372 |
| Receivables: | | |
| Accrued Interest | | 1,010 |
| Property Taxes | <u>1,141,838</u> | <u>1,722,845</u> |
| Total Current Assets | <u>3,137,548</u> | <u>3,613,227</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| CURRENT LIABILITIES | | |
| Deferred Property Tax | 1,141,838 | 1,722,845 |
| Interfund Payable | <u>3,246</u> | <u>368</u> |
| Total Current Liabilities | <u>1,145,084</u> | <u>1,723,213</u> |
| FUND BALANCE | | |
| Restricted | <u>1,992,464</u> | <u>1,890,014</u> |
| Total Liabilities and Fund Balance | <u>\$ 3,137,548</u> | <u>\$ 3,613,227</u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT

DEBT SERVICE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---------------------------------|---------------------|---------------------|
| REVENUES | | |
| Property Taxes | \$ 1,716,897 | \$ 1,679,348 |
| Investment Earnings | 4,972 | 11,906 |
| Miscellaneous | | 762 |
| Total Revenues | <u>1,721,869</u> | <u>1,692,016</u> |
| EXPENDITURES | | |
| Current: | | |
| General Government | 25,969 | 25,342 |
| Debt Service: | | |
| Principal Retirement | 1,315,000 | 1,230,000 |
| Interest and Fiscal Charges | 277,450 | 326,650 |
| Bond Agent Fees | 1,000 | |
| Total Expenditures | <u>1,619,419</u> | <u>1,581,992</u> |
| NET CHANGES IN FUND BALANCE | 102,450 | 110,024 |
| FUND BALANCE, Beginning of Year | <u>1,890,014</u> | <u>1,779,990</u> |
| FUND BALANCE, End of Year | <u>\$ 1,992,464</u> | <u>\$ 1,890,014</u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2011

| | Original/Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------|--------------------------|---------------------|--|
| REVENUES | | | |
| Property Tax | \$ 1,636,703 | \$ 1,716,897 | \$ 80,194 |
| Investment Earnings | 7,300 | 4,972 | (2,328) |
| Total Revenues | <u>1,644,003</u> | <u>1,721,869</u> | <u>77,866</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 28,842 | 25,969 | 2,873 |
| Debt Service: | | | |
| Principal Retirement | 1,315,000 | 1,315,000 | |
| Interest and Fiscal Charges | 277,450 | 277,450 | |
| Bond Issuance Costs and Agent Fees | 1,000 | 1,000 | |
| Total Expenditures | <u>1,622,292</u> | <u>1,619,419</u> | <u>2,873</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 21,711 | 102,450 | 80,739 |
| FUND BALANCE, Beginning of Year | <u>1,880,766</u> | <u>1,890,014</u> | <u>9,248</u> |
| FUND BALANCE, End of Year | <u>\$ 1,902,477</u> | <u>\$ 1,992,464</u> | <u>\$ 89,987</u> |

See the accompanying independent auditors' report.

CASTLE PINES METROPOLITAN DISTRICT

WATER AND SEWER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

| | 2011 | | Variance |
|---|--------------------------|-------------------|----------------------------|
| | Original/Final Budget | Actual | Favorable (Unfavorable) |
| REVENUES | | | |
| Charges for Services | \$ 3,267,895 | \$ 3,379,111 | \$ 111,216 |
| Effluent Pumping | 252,069 | 268,382 | 16,313 |
| Investment Earnings | 10,500 | 16,921 | 6,421 |
| Revenue Rebate | | 15,044 | 15,044 |
| Meter Sales, Net | 860 | 4,280 | 3,420 |
| Miscellaneous | 5,000 | 19,414 | 14,414 |
| Transfers In | 353,632 | 353,632 | |
| Total Revenues | <u>3,889,956</u> | <u>4,056,784</u> | <u>166,828</u> |
| EXPENSES | | | |
| Administration | 878,204 | 795,823 | 82,381 |
| System Operation | 1,538,802 | 1,466,237 | 72,565 |
| Water Resources | 258,514 | 280,012 | (21,498) |
| Capital Outlay | 473,900 | 444,983 | 28,917 |
| Debt Principal | 260,658 | 260,657 | 1 |
| Debt Interest/Amortization | 107,369 | 116,267 | (8,898) |
| Total Expenses | <u>3,517,447</u> | <u>3,363,979</u> | <u>153,468</u> |
| Net Changes in Fund Net Assets (Non-GAAP) | 372,509 | 692,805 | <u>\$ 320,296</u> |
| Fund Balance, Beginning of Year | <u>4,267,426</u> | | |
| Fund Balance, End of Year | <u>\$ 4,639,935</u> | | |
| RECONCILIATION OF REVENUE AND EXPENSES - | | | |
| GAAP BASIS TO BUDGETARY BASIS | | | |
| Adjustments: | | | |
| Revenues Which are not Revenues for | | | |
| Budgetary Purposes: | | | |
| Developer Contributions | | 435,980 | |
| Expenses Which are not Expenditures for | | | |
| Budgetary Purposes: | | | |
| Depreciation | | (931,082) | |
| Expenditures for Budgetary Purposes: | | | |
| Capital Outlay | | 444,983 | |
| Principal Payments on Revenue Bonds and Loans | | 260,657 | |
| Net Change in Net Assets - GAAP Basis | | <u>\$ 903,343</u> | |

See the accompanying independent auditors' report.

STATISTICAL SECTION

CASTLE PINES METROPOLITAN DISTRICT

Statistical Section TABLE OF CONTENTS

This part of the Castle Pines Metropolitan District's (District's) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the District's financial performance and fiscal health have changed over time.

| | <u>PAGE(S)</u> |
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| Changes in Net Assets | 67-68 |
| Fund Balances, Governmental Funds | 69 |
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REVENUE CAPACITY

These schedules contain information to help the reader assess the District's most significant sources of revenue.

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| Direct and Overlapping Property Tax Rates | 72 |
| Principal Property Tax Payers | 73 |
| General Fund Property Tax Levies and Collections | 74 |

DEBT CAPACITY

These schedules contain information to help the reader assess the affordability of the District's current level of debt and the District's ability to issue debt in the future.

| | |
|---|----|
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DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

| | |
|---|----|
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| Demographic and Economic Statistics – Douglas County | 80 |
| Principal Employers – Douglas County | 81 |

OPERATING INFORMATION

This schedule contains information regarding the number of employees in various job categories and types of assets by function/department.

| | |
|--|----|
| Full-Time Equivalent District Government Employees by Function | 82 |
| Operating Indicators by Function | 83 |
| Capital Asset Statistics by Function/Program | 84 |

CASTLE PINES METROPOLITAN DISTRICT
Primary Government
Net Assets by Component
(Unaudited)

Last Ten Years

| Description | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Governmental Activities: | | | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | | | |
| Net of Related Debt | \$ 7,369,920 | \$ 6,030,999 | \$ 4,769,311 | \$ 3,356,752 | \$ 1,077,428 | \$ (457,737) | \$ 10,462,431 | \$ 9,482,351 | \$ - | \$ (14,544,337) |
| Restricted for: | | | | | | | | | | |
| Pre-paid items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 260 | 8,128 |
| Debt Service | 1,992,464 | 0 | 0 | 1,740,866 | 1,786,116 | 1,769,419 | 1,501,172 | 1,391,364 | 853,064 | 569,732 |
| Emergency Reserve - Tabor | 103,000 | 62,000 | 67,000 | 57,000 | 61,500 | 54,406 | 49,966 | 40,173 | 26,276 | 26,276 |
| Unrestricted | 6,137,184 | 7,901,476 | 6,184,534 | 3,114,709 | 2,788,772 | 2,393,399 | -10,901,782 | -11,798,820 | -12,657,506 | 1,062,202 |
| Subtotal Governmental Activities Net Assets | 15,602,568 | 13,894,475 | 11,020,845 | 8,269,327 | 5,713,916 | 3,759,487 | 1,111,787 | -884,932 | -11,777,906 | -12,878,001 |
| % change from prior year | 12.29% | 26.07% | 33.27% | 44.73% | 51.98% | 238.15% | 225.64% | 92.49% | 8.54% | 7.72% |
| Business-type Activities: | | | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | | | |
| Net of Related Debt | 30,659,559 | 30,455,548 | 30,604,746 | 28,906,152 | 28,647,722 | 30,931,207 | 24,089,791 | 22,875,585 | 21,374,772 | 21,618,956 |
| Restricted for: | | | | | | | | | | |
| Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 189,773 | 188,144 |
| Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,061 | 97,885 |
| Customer Deposits | 0 | 0 | 0 | 0 | 8,225 | 4,700 | 10,575 | 0 | 0 | 0 |
| Unrestricted | 5,026,459 | 4,327,127 | 3,432,540 | 3,744,479 | 3,517,040 | 3,958,729 | 3,672,089 | 3,031,282 | 2,424,509 | 1,672,564 |
| Subtotal Business-type Activities Net Assets | 35,686,018 | 34,782,675 | 34,237,286 | 32,652,631 | 32,172,987 | 34,894,636 | 27,772,455 | 25,906,867 | 24,014,115 | 23,577,549 |
| % change from prior year | 2.80% | 1.59% | 4.85% | 1.49% | -7.80% | 25.64% | 7.20% | 7.88% | 1.85% | 12.31% |
| Primary Government: | | | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | | | |
| Net of Related Debt | 38,029,479 | 36,486,547 | 35,574,057 | 32,264,904 | 29,725,150 | 30,473,470 | 34,552,222 | 32,357,936 | 21,374,772 | 7,074,619 |
| Restricted for: | | | | | | | | | | |
| Pre-paid items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 260 | 9,126 |
| Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 189,773 | 188,144 |
| Debt Service | 1,992,464 | 0 | 0 | 1,740,866 | 1,786,116 | 1,789,419 | 1,501,172 | 1,391,364 | 878,125 | 667,617 |
| Tabor | 103,000 | 62,000 | 67,000 | 57,000 | 61,500 | 54,406 | 49,966 | 40,173 | 26,276 | 26,276 |
| Customer Deposits | 0 | 0 | 0 | 0 | 8,225 | 4,700 | 10,575 | 0 | 0 | 0 |
| Unrestricted | 11,163,643 | 12,128,603 | 9,617,074 | 6,859,188 | 6,305,812 | 6,352,128 | -7,229,693 | -8,767,538 | -10,232,997 | 2,734,766 |
| Total Primary Government Net Assets (2) | \$ 51,288,586 | \$ 48,677,150 | \$ 45,258,131 | \$ 40,921,958 | \$ 37,886,803 | \$ 38,654,123 | \$ 28,884,242 | \$ 25,021,935 | \$ 12,236,209 | \$ 10,699,548 |
| % change from prior year | 5.36% | 7.55% | 10.60% | 8.01% | -1.99% | 33.82% | 15.44% | 104.49% | 14.36% | 52.03% |

CASTLE PINES METROPOLITAN DISTRICT

Primary Government
Changes in Net Assets
(Unaudited)

Last Ten Years

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Expenses | | | | | | | | | | |
| <i>Governmental Activities:</i> | | | | | | | | | | |
| General Government | \$ 1,274,299 | \$ 1,385,138 | \$ 1,299,503 | \$ 1,175,988 | \$ 1,188,737 | \$ 1,185,407 | \$ 992,333 | \$ 829,837 | \$ 796,043 | \$ 779,076 |
| Public Work | 2,377,485 | 1,004,878 | 1,069,781 | 889,590 | 990,962 | 804,433 | 652,789 | 545,605 | 494,818 | 426,615 |
| Interest | 274,066 | 322,550 | 361,254 | 527,297 | 600,428 | 647,898 | 688,070 | 720,500 | 751,300 | 775,775 |
| Total Government Activities Expenses | 3,925,850 | 2,712,566 | 2,730,538 | 2,592,875 | 2,780,127 | 2,637,738 | 2,333,192 | 2,095,942 | 2,042,161 | 1,981,466 |
| <i>Business-type Activities:</i> | | | | | | | | | | |
| Water and Sewer | 3,589,421 | 3,580,030 | 3,183,426 | 3,425,650 | 3,437,764 | 3,094,133 | 2,651,249 | 2,391,674 | 2,404,951 | 2,091,770 |
| Total Business-type Activities Expenses | 3,589,421 | 3,580,030 | 3,183,426 | 3,425,650 | 3,437,764 | 3,094,133 | 2,651,249 | 2,391,674 | 2,404,951 | 2,091,770 |
| Total Primary Government Expenses | 7,515,271 | 6,292,596 | 5,913,964 | 6,018,525 | 6,217,891 | 5,731,871 | 4,984,441 | 4,487,616 | 4,447,112 | 4,073,236 |
| Program Revenues | | | | | | | | | | |
| <i>Governmental Activities:</i> | | | | | | | | | | |
| Charges for Services | 97,380 | 91,911 | 94,725 | 81,952 | 91,410 | 83,626 | 84,926 | 11,100 | 7,900 | 3,445 |
| Public Works | 0 | 0 | 0 | 0 | 11,631 | 5,750 | 15,458 | 12,678 | 9,670 | 3,000 |
| Operating Grants and Contributions | 40,146 | 0 | 387,492 | 170,420 | 69,450 | 757,640 | 383,604 | 1,782,821 | 0 | 0 |
| Capital Grants and Contributions | 137,526 | 91,911 | 482,217 | 252,372 | 172,491 | 847,016 | 483,988 | 1,806,599 | 17,570 | 6,445 |
| Total Governmental Activities Program Revenues | | | | | | | | | | |
| <i>Business-type Activities:</i> | | | | | | | | | | |
| Charges for Services | 3,666,907 | 3,739,276 | 3,325,070 | 3,227,833 | 2,821,576 | 2,700,128 | 2,328,758 | 1,983,112 | 1,996,833 | 1,848,308 |
| Water and Sewer | 435,980 | 0 | 1,259,606 | 266,551 | 281,500 | 7,095,700 | 1,863,081 | 2,025,726 | 439,418 | 2,587,293 |
| Capital Grants and Contributions | 4,102,887 | 3,739,276 | 4,584,676 | 3,494,384 | 3,103,076 | 9,795,828 | 4,191,839 | 4,008,838 | 2,436,251 | 4,435,601 |
| Total Business-type Activities Program Revenues | 4,240,413 | 3,831,187 | 5,066,993 | 3,746,756 | 3,275,567 | 10,642,844 | 4,675,827 | 5,815,437 | 2,453,821 | 4,442,046 |
| Total Primary Government Program Revenues | | | | | | | | | | |
| Net (Expenses) Revenues | | | | | | | | | | |
| <i>Governmental Activities</i> | -3,788,324 | -2,620,655 | -2,248,321 | -2,340,503 | -2,607,636 | -1,790,722 | -1,849,204 | -289,343 | -2,024,591 | -1,975,021 |
| <i>Business-type Activities</i> | 513,466 | 159,246 | 1,401,250 | 68,734 | -334,688 | 6,701,695 | 1,540,590 | 1,617,164 | 31,300 | 2,343,831 |
| Total Primary Government Net (Expenses) | -3,274,858 | -2,461,409 | -847,071 | -2,271,769 | -2,942,324 | 4,910,973 | -308,614 | 1,327,821 | -1,993,291 | 368,810 |

CASTLE PINES METROPOLITAN DISTRICT

Primary Government Changes in Net Assets (continued) (Unaudited)

Last Ten Years

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| General Revenue & Other Changes in Net Assets | | | | | | | | | | |
| Property Taxes | 5,450,758 | 5,415,570 | 4,757,702 | 4,597,156 | 4,108,022 | 3,953,991 | 3,493,875 | 3,297,906 | 2,907,504 | 2,791,393 |
| Specific Ownership Taxes | 359,792 | 366,381 | 355,933 | 392,036 | 415,719 | 398,200 | 380,165 | 370,075 | 359,246 | 356,846 |
| Other Taxes | 0 | 0 | 0 | 67,989 | 66,197 | 57,377 | 42,327 | 13,353 | 10,640 | 8,958 |
| Investment Earnings | 29,274 | 62,327 | 36,767 | 146,997 | 284,244 | 263,415 | 140,606 | 41,219 | 24,977 | 39,706 |
| Miscellaneous | 10,225 | 6,437 | 5,237 | 16,213 | 1,010 | 7,378 | 11,625 | 9,697 | 28,417 | 47,357 |
| Transfers | -353,632 | -356,430 | -155,800 | -324,377 | -313,227 | -241,939 | -222,675 | -233,167 | -30,000 | -191,272 |
| Total Governmental Activities | 5,496,417 | 5,494,285 | 4,999,839 | 4,896,014 | 4,561,965 | 4,438,422 | 3,845,923 | 3,499,083 | 3,300,784 | 3,052,988 |
| Business-type Activities | | | | | | | | | | |
| Unrestricted Investment Income | 16,921 | 28,873 | 17,987 | 81,114 | 174,698 | 143,685 | 79,908 | 31,806 | 21,590 | 37,435 |
| Miscellaneous | 19,324 | 840 | 9,618 | 5,419 | 19,135 | 34,862 | 22,415 | 37,905 | 61,538 | 35,466 |
| Transfers | 353,632 | 356,430 | 155,800 | 324,377 | 313,227 | 241,939 | 222,675 | 228,325 | 30,000 | 191,272 |
| Transfer of Assets | 0 | 0 | 0 | 0 | -2,894,021 | 0 | 0 | 0 | 0 | 0 |
| Total Business-type Activities | 389,877 | 386,143 | 183,405 | 410,910 | -2,386,961 | 420,486 | 324,998 | 298,036 | 113,128 | 264,173 |
| Total Primary Government | 5,886,294 | 5,880,428 | 5,183,244 | 5,306,924 | 2,175,004 | 4,858,908 | 4,170,921 | 3,797,119 | 3,413,912 | 3,317,161 |
| Change in Net Assets | | | | | | | | | | |
| <i>Governmental Activities</i> | 1,708,093 | 2,873,630 | 2,751,518 | 2,555,511 | 1,954,329 | 2,647,700 | 1,996,719 | 3,209,740 | 1,276,193 | 1,077,967 |
| <i>Business-type Activities</i> | 903,343 | 545,389 | 1,584,655 | 479,644 | -2,721,649 | 7,122,181 | 1,865,588 | 1,915,200 | 144,428 | 2,608,004 |
| Total Primary Government | \$ 2,611,436 | \$ 3,419,019 | \$ 4,336,173 | \$ 3,035,155 | \$ (767,320) | \$ 9,769,881 | \$ 3,862,307 | \$ 5,124,940 | \$ 1,420,621 | \$ 3,685,971 |

CASTLE PINES METROPOLITAN DISTRICT

Governmental Funds

Fund Balances (1)

(Unaudited)

Last Ten Years

| | Fiscal Year | | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| General Fund: | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Inventory | \$ 3,584 | \$ 3,426 | \$ 4,592 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Pre-paid Items | | 21,626 | | | | | | | 260 | 8,126 |
| Emergency Reserve - Tabor | 103,000 | 62,000 | 67,000 | 57,000 | 61,500 | 54,406 | 49,966 | 40,173 | 26,276 | 26,276 |
| Unassigned | 6,117,104 | 5,855,571 | 4,358,506 | 3,281,557 | 2,849,135 | 2,410,460 | 1,957,665 | 1,375,980 | 1,194,684 | 1,062,202 |
| Total General Fund | 6,223,688 | 5,942,623 | 4,430,098 | 3,338,557 | 2,910,635 | 2,464,866 | 2,007,631 | 1,416,153 | 1,221,220 | 1,096,604 |
| % change from prior year | 4.73% | 34.14% | 32.69% | 14.70% | 18.08% | 22.77% | 41.77% | 15.96% | 11.36% | -11.08% |
| Other Governmental Funds: | | | | | | | | | | |
| Reserved, Reported in: | | | | | | | | | | |
| Debt Service Fund | 1,992,464 | 1,890,014 | 1,779,990 | 1,739,517 | 1,785,407 | 1,768,936 | 1,500,774 | 1,390,807 | 853,064 | 569,732 |
| Total Other Governmental Funds | 1,992,464 | 1,890,014 | 1,779,990 | 1,739,517 | 1,785,407 | 1,768,936 | 1,500,774 | 1,390,807 | 853,064 | 569,732 |
| Total Governmental Funds (2) | \$ 8,216,152 | \$ 7,832,637 | \$ 6,210,088 | \$ 5,078,074 | \$ 4,696,042 | \$ 4,233,802 | \$ 3,508,405 | \$ 2,806,960 | \$ 2,074,284 | \$ 1,666,336 |
| % change from prior year | 4.90% | 26.13% | 22.29% | 8.14% | 10.92% | 20.68% | 24.99% | 35.32% | 24.48% | 16.17% |

(1) This schedule reports using the modified accrual basis of accounting.

(2) See Page 70 for changes in fund balances from year to year.

CASTLE PINES METROPOLITAN DISTRICT
Governmental Funds
Changes in Fund Balances (1)
(Unaudited)

Last Ten Years

| | Fiscal Year | | | | | | | | | |
|---|-------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| REVENUE | | | | | | | | | | |
| Property Taxes (2) | \$ 5,450,758 | \$ 5,415,570 | \$ 4,757,702 | \$ 4,597,156 | \$ 4,108,022 | \$ 3,953,991 | \$ 3,493,875 | \$ 3,297,906 | \$ 2,907,503 | \$ 2,791,393 |
| Specific Ownership Tax | 359,792 | 366,381 | 355,933 | 392,036 | 415,719 | 398,200 | 380,165 | 370,075 | 359,246 | 356,846 |
| Other Taxes | 0 | 0 | 0 | 67,989 | 66,197 | 57,377 | 42,327 | 13,353 | 10,640 | 8,958 |
| Charges for Services | 97,380 | 91,911 | 94,725 | 81,952 | 91,410 | 83,626 | 84,926 | 11,100 | 7,900 | 3,445 |
| Investment Earnings | 29,274 | 62,327 | 36,767 | 146,997 | 284,244 | 263,415 | 140,806 | 41,219 | 24,977 | 39,706 |
| Miscellaneous | 10,225 | 6,437 | 5,237 | 16,213 | 12,641 | 13,128 | 27,083 | 22,375 | 38,088 | 50,357 |
| Total Revenues | 5,947,429 | 5,942,626 | 5,250,364 | 5,302,343 | 4,978,233 | 4,769,737 | 4,168,982 | 3,756,028 | 3,348,354 | 3,250,705 |
| % change from prior year | 0.08% | 13.19% | -0.98% | 6.51% | 4.37% | 14.41% | 10.99% | 12.18% | 3.00% | 20.81% |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Government | 1,253,818 | 1,369,776 | 1,285,567 | 1,153,735 | 1,185,993 | 1,047,335 | 986,161 | 822,512 | 791,858 | 773,162 |
| Public Works | 2,202,571 | 867,043 | 944,862 | 763,002 | 890,041 | 796,681 | 583,312 | 478,089 | 435,613 | 390,261 |
| Intergovernmental Programs | | | | | | | | | | |
| Capital Outlay | 160,443 | 170,178 | 177,767 | 1,022,069 | 466,304 | 300,487 | 122,319 | 68,926 | 226,234 | 338,338 |
| Debt Service: | | | | | | | | | | |
| Principal Retirement | 1,315,000 | 1,230,000 | 1,190,000 | 1,115,000 | 1,060,000 | 1,010,000 | 865,000 | 705,000 | 690,000 | 550,000 |
| Interest and Fiscal Charges | 277,450 | 326,650 | 363,854 | 541,828 | 600,128 | 647,598 | 687,820 | 720,250 | 751,300 | 775,775 |
| Bond Agent Fees | 1,000 | 0 | 500 | 102,991 | 300 | 300 | 250 | 250 | | |
| Total Expenditures | 5,210,282 | 3,963,647 | 3,962,550 | 4,698,625 | 4,202,766 | 3,802,401 | 3,244,862 | 2,795,027 | 2,895,005 | 2,827,536 |
| % change from prior year | 31.45% | 0.03% | -15.67% | 11.80% | 10.53% | 17.18% | 16.09% | -3.45% | 2.39% | 26.43% |
| Excess of Revenues Over Expenditures | 737,147 | 1,978,979 | 1,287,814 | 603,718 | 775,467 | 967,336 | 924,120 | 961,001 | 453,349 | 423,169 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers from Other Funds | 0 | 0 | 0 | 9,815,531 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from Refunding Bonds | 0 | 0 | 0 | -9,712,840 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pay to Refunded Bond Escrow Agent | -353,632 | -356,430 | -155,800 | -324,377 | -313,227 | -241,939 | -222,675 | -228,325 | -30,000 | -191,272 |
| Transfers to Other Funds | | | | | | | | | | |
| Net Other Financing Sources (Uses) | -353,632 | -356,430 | -155,800 | -221,686 | -313,227 | -241,939 | -222,675 | -228,325 | -30,000 | -191,272 |
| Residual Equity Transfers | | | | | | | | | | |
| Net Change in Fund Balances (3) | \$ 383,515 | \$ 1,622,549 | \$ 1,132,014 | \$ 382,032 | \$ 462,240 | \$ 725,397 | \$ 701,445 | \$ 732,676 | \$ 423,349 | \$ 231,897 |
| Debt Service Principal & Interest (4) | 30.56% | 39.27% | 39.21% | 35.26% | 39.50% | 43.59% | 47.85% | 50.99% | 49.79% | 46.89% |
| as a Percentage of | | | | | | | | | | |
| Non-capital Expenditures | | | | | | | | | | |

(1) This schedule reports using the modified accrual basis of accounting.

(2) See Page 74 for additional detail for property taxes.

(3) See Page 69 for ending fund balances for reported years.

(4) Calculation on Debt Service as a Percentage of Non-Capital Expenditures changed to include Interest in 2011; correction made to all years presented.

CASTLE PINES METROPOLITAN DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Actual Value | | Commercial Property | Exempt | Total Taxable Value | Total Assessed Value | Total Mills |
|----------------|------------------------------|----|------------------------|---------------|---------------------------|----------------------------|----------------|
| | Residential & Vacant Land | | | | | | |
| 2002 | \$ 790,378,394 | \$ | 17,928,199 | \$ 16,960,271 | \$ 825,266,864 | \$ 82,544,223 | 33.834 |
| 2003 | 982,269,982 | | 17,578,013 | 19,087,577 | 1,018,935,572 | 86,868,112 | 33.834 |
| 2004 | 1,036,240,577 | | 19,761,593 | 19,969,632 | 1,075,971,802 | 97,202,002 | 33.834 |
| 2005 | 1,141,194,967 | | 36,368,148 | 19,749,579 | 1,197,312,694 | 101,284,280 | 33.834 |
| 2006 | 1,221,153,740 | | 41,071,279 | 18,813,372 | 1,281,038,391 | 117,252,810 | 33.834 |
| 2007 | 1,409,074,939 | | 42,058,888 | 18,770,570 | 1,469,904,397 | 123,101,429 | 33.834 |
| 2008 | 1,488,155,565 | | 39,235,419 | 18,007,502 | 1,545,398,486 | 135,933,570 | 33.834 |
| 2009 | 1,687,692,736 | | 42,951,072 | 11,870,274 | 1,742,514,082 | 140,727,510 | 33.834 |
| 2010 | 1,709,718,913 | | 44,602,838 | 10,822,609 | 1,765,144,360 | 158,752,110 | 33.834 |
| 2011 | \$1,467,391,843 | \$ | 37,723,013 | 10,884,523 | \$ 1,515,999,379 | \$ 161,013,520 | 33.834 |

Source: Douglas County Assessor's Office.

Notes: Residential property is assessed on market sales, using historical data from the prior 18 months. Properties are reassessed once every two years, on odd numbered years.

CASTLE PINES METROPOLITAN DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | District Direct Rates | | | | Overlapping Rates | | | | | | |
|-------------|-----------------------|-------------------------|-------------|--------|--------------------------------|------------------------------------|--|-------------------------|--|--|---|
| | General | | Total | | Douglas County | | Douglas County | | Douglas County | | Urban Drainage and Flood Control District |
| | General Fund Rate | Obligation Debt Service | Direct Rate | Rate | Douglas County School District | Douglas County Cedar Hill Cemetery | Douglas County Public Library District | South Metro Fire Rescue | Douglas County Law Enforcement Authority | | |
| 2002 | 13.597 | 20.237 | 33.834 | 33.834 | 43.584 | 0.444 | 4.022 | 6.500 | 4.500 | | 0.602 |
| 2003 | 13.597 | 20.237 | 33.834 | 33.834 | 35.568 | 0.396 | 4.020 | 6.500 | 4.500 | | 0.533 |
| 2004 | 13.597 | 20.237 | 33.834 | 33.834 | 46.500 | 0.384 | 4.052 | 8.950 | 4.500 | | 0.066 |
| 2005 | 18.256 | 15.578 | 33.834 | 33.834 | 46.500 | 0.348 | 4.020 | 9.250 | 4.500 | | 0.597 |
| 2006 | 18.256 | 15.578 | 33.834 | 33.834 | 46.500 | 0.275 | 4.025 | 9.346 | 4.500 | | 0.608 |
| 2007 | 21.024 | 12.810 | 33.834 | 33.834 | 46.500 | 0.167 | 4.044 | 9.377 | 4.500 | | 0.568 |
| 2008 | 21.024 | 12.810 | 33.834 | 33.834 | 47.103 | 0.114 | 4.052 | 9.452 | 4.500 | | 0.591 |
| 2009 | 22.374 | 11.460 | 33.834 | 33.834 | 46.681 | 0.233 | 4.016 | 9.362 | 4.500 | | 0.569 |
| 2010 | 23.284 | 10.550 | 33.834 | 33.834 | 46.890 | 0.157 | 4.034 | 9.541 | 4.500 | | 0.576 |
| 2011 | 23.134 | 10.700 | 33.834 | 33.834 | 48.788 | 0.149 | 4.040 | 9.661 | 4.500 | | 0.623 |

Source: Douglas County Assessor's Office.

Notes: The District's basic property tax rate may be increased only by a majority vote of its residents. Rates for debt service are set based on each year's requirements.

CASTLE PINES METROPOLITAN DISTRICT

Principal Property Tax Payers Current Year and Ten Years Ago (Unaudited)

| Taxpayer | 2011 | | | 2001 | | |
|--|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value |
| Village at Castle Pines Colorado, LLC (Comm) | \$ 3,337,780 | 1 | 2.07% | \$ - | - | - |
| Castle Pines Golf Club Inc (Commercial) | 1,866,700 | 2 | 1.16% | 2,767,160 | 1 | 3.40% |
| VSW, Inc. (Vacant Land) | 1,336,730 | 3 | 0.83% | - | - | - |
| CCCP Real Estate Holding LLC (Commercial) | 1,183,730 | 4 | 0.74% | - | - | - |
| R&R LLC (Commercial) | 1,112,720 | 5 | 0.69% | - | - | - |
| Castle Pines Golf Club Inc (Personal) | 857,090 | 6 | 0.53% | - | - | - |
| David Lininger (Residential) | 785,780 | 7 | 0.49% | - | - | - |
| Janice Sanger (Residential) | 600,980 | 8 | 0.37% | - | - | - |
| CPV, Inc. (Vacant Land) | 556,080 | 9 | 0.35% | - | - | - |
| David Lininger (Vacant Land) | 547,520 | 10 | 0.34% | - | - | - |
| Castle Pines Fidelity Assoc. Ltd Partnership | - | - | - | 1,548,360 | 2 | 1.90% |
| The Renaissance Group LLC | - | - | - | 1,370,385 | 3 | 1.70% |
| Fidelity Castle Pines Ltd. | - | - | - | 1,278,734 | 4 | 1.50% |
| Aslan Development LLC | - | - | - | 1,233,586 | 5 | 1.50% |
| Toll Company LP | - | - | - | 1,175,410 | 6 | 1.40% |
| Rivendell Holding LLC | - | - | - | 937,400 | 7 | 1.10% |
| Crestone Builders | - | - | - | 474,160 | 8 | 0.60% |
| The Conservation Fund | - | - | - | 462,301 | 9 | 0.60% |
| Brian E. Haigh | - | - | - | 457,730 | 10 | 0.60% |
| Total | <u>\$ 12,185,110</u> | | <u>7.57%</u> | <u>\$11,705,226</u> | | <u>14.30%</u> |

Source: Douglas County Assessor's Office

CASTLE PINES METROPOLITAN DISTRICT

General Fund Property Tax Levies and Collections (Unaudited)

Last Ten Years

| Levy Year | Fiscal Year | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years (1) | Total Collections to Date | |
|--------------|----------------|--------------------------------------|---|--------------------|--|---------------------------|--------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2001 | 2002 | \$ 2,939,096 | \$ 2,781,706 | 94.6% | | \$ 2,781,706 | 94.6% |
| 2002 | 2003 | 2,939,096 | 2,906,691 | 98.9% | | 2,906,691 | 98.9% |
| 2003 | 2004 | 3,288,733 | 3,297,906 | 100.3% | | 3,297,906 | 100.3% |
| 2004 | 2005 | 3,426,853 | 3,493,875 | 102.0% | | 3,493,875 | 102.0% |
| 2005 | 2006 | 3,934,960 | 3,953,991 | 100.5% | (330) | 3,953,661 | 100.5% |
| 2006 | 2007 | 4,165,013 | 4,108,022 | 98.6% | (80) | 4,107,942 | 98.6% |
| 2007 | 2008 | 4,599,177 | 4,597,156 | 100.0% | 56,372 | 4,653,528 | 101.2% |
| 2008 | 2009 | 4,761,374 | 4,651,244 | 97.7% | 21,635 | 4,672,879 | 98.1% |
| 2009 | 2010 | 5,371,219 | 5,281,030 | 98.3% | 23,999 | 5,305,029 | 98.8% |
| 2010 | 2011 | \$ 5,447,732 | \$ 5,355,115 | 98.3% | | \$ 5,355,115 | 98.3% |

(1) New format breaks out Collected Taxes within the Fiscal Year Levy, and additional delinquent taxes and interest collected for subsequent years. New Format has been adjusted for years 2009-2011.

CASTLE PINES METROPOLITAN DISTRICT

Ratios of Outstanding Debt by Type Last Ten Fiscal Years (Unaudited)

| Governmental Activities | | | Business-type Activities | | | | | |
|-------------------------|----------------|--------------------------|---------------------------------|-------------------|--------------------|----------------------|--------------------------|------------|
| Fiscal Year | Population (1) | General Obligation Bonds | 2003 | | | | | |
| | | | Water & Sewer Revenue Bonds (3) | Revenue Bonds (4) | DWRF Loan \$2M (5) | DWRF Loan \$250K (6) | Total Primary Government | Per Capita |
| 2002 (1) | 3,003 | \$ 15,105,000 | \$ - | \$ 1,994,367 | \$ - | - | \$17,099,367 | 5,694 |
| 2003 | 3,162 | 14,415,000 | 2,005,000 | - | - | - | 16,420,000 | 5,193 |
| 2004 | 3,393 | 13,710,000 | 1,860,000 | - | - | - | 15,570,000 | 4,589 |
| 2005 | 3,678 | 12,845,000 | 1,715,000 | - | - | - | 14,560,000 | 3,959 |
| 2006 | 4,041 | 11,835,000 | 1,565,000 | - | 2,000,000 | 250,000 | 15,650,000 | 3,873 |
| 2007(2) | 4,196 | 10,775,000 | 1,410,000 | - | 1,959,174 | 247,165 | 14,391,339 | 3,430 |
| 2008(7) | 4,343 | 9,545,000 | 1,250,000 | - | 1,886,872 | 238,369 | 12,920,241 | 2,975 |
| 2009 | 4,392 | 8,355,000 | 1,090,000 | - | 1,811,834 | 229,240 | 11,486,074 | 2,615 |
| 2010 | 4,409 | 7,125,000 | 920,000 | - | 1,733,955 | 219,766 | 9,998,721 | 2,268 |
| 2011 | 4,418 | \$ 5,810,000 | \$ 750,000 | \$ - | \$ 1,653,130 | \$ 209,934 | \$ 8,423,064 | 1,907 |

(1) Calendar years 2002 through 2006, number of domestic metered accounts X 3 people per household

(2) Effective 2007, number of domestic metered accounts X 2.88 people per household;
US Census Bureau Info for Douglas County, CO

(3) 2003 Water & Sewer Revenue Bonds were secured to pay off existing Revenue Bonds at a lower interest rate

(4) Revenue Bonds were defeased in December 2003

(5) DWRF Loan was secured in May 2006 to fund a Pipeline and Transfer Pump Station

(6) Additional DWRF Loan was secured in November 2006 to fund total project

(7) GO Bond was refinanced in December 2008

CASTLE PINES METROPOLITAN DISTRICT
Ratios of General Bonded Debt Outstanding and Legal Debt Margin
Last Ten Years
(Unaudited)

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Bonded Debt Outstanding | | | | | | | | | | |
| General Obligation Bonds | \$ 5,810,000 | \$ 7,125,000 | \$ 8,355,000 | \$ 9,545,000 | \$ 10,775,000 | \$ 11,835,000 | \$ 12,845,000 | \$ 13,710,000 | \$ 14,415,000 | \$ 15,105,000 |
| Total | 5,810,000 | 7,125,000 | 8,355,000 | 9,545,000 | 10,775,000 | 11,835,000 | 12,845,000 | 13,710,000 | 14,415,000 | 15,105,000 |
| Total Taxable Value | 1,515,999,379 | 1,765,144,360 | 1,742,514,082 | 1,545,398,486 | 1,469,904,397 | 1,281,038,391 | 1,197,312,694 | 1,075,971,802 | 1,018,935,572 | 825,266,864 |
| Percentage of Estimated Actual Property Value | 26093% | 24774% | 20856% | 16191% | 13642% | 10824% | 9321% | 7848% | 7069% | 5464% |
| Per Capita | 343,142 | 400,350 | 396,747 | 355,837 | 336,286 | 317,010 | 325,534 | 317,115 | 322,244 | 274,814 |
| Population | 4,418 | 4,409 | 4,392 | 4,343 | 4,371 | 4,041 | 3,678 | 3,393 | 3,162 | 3,003 |
| Less: Amounts Set Aside to Repay General Debt | 1,992,464 | 1,890,014 | 1,779,990 | 1,739,517 | 1,785,407 | 1,768,936 | 1,500,774 | 1,390,807 | 853,064 | 569,731 |
| Total Net Debt Applicable to Debt Limit | 3,817,536 | 5,234,986 | 6,575,010 | 7,805,483 | 8,989,593 | 10,066,064 | 11,344,226 | 12,319,193 | 13,561,936 | 14,535,269 |
| Legal Debt Limit | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 |
| Legal Debt Margin | \$ 49,190,000 | \$ 47,875,000 | \$ 46,645,000 | \$ 45,455,000 | \$ 44,225,000 | \$ 43,165,000 | \$ 42,155,000 | \$ 41,290,000 | \$ 40,585,000 | \$ 39,895,000 |
| Legal Debt Margin as a Percentage of the Debt Limit | 89% | 87% | 85% | 83% | 80% | 78% | 77% | 75% | 74% | 73% |

CASTLE PINES METROPOLITAN DISTRICT

Direct and Overlapping Governmental Activities Debt (Unaudited)

December 31, 2011

| Jurisdiction | Net General Obligation Bonded Debt Outstanding ⁽¹⁾ | Percentage Applicable to Government | Amount Applicable to Government |
|--|--|--|---------------------------------------|
| Direct: | | | |
| Castle Pines Metropolitan District | \$ 5,810,000 | 100.00% | \$ 5,810,000 |
| Overlapping: | | | |
| Douglas County School District Re. 1 | 514,691,541 | 3.19% | 16,418,660 |
| Total | <u>\$ 520,501,541</u> | | <u>\$ 22,228,660</u> |

(1) Source: Douglas County School District Re.1 and District's General
Obligation Bond document.

CASTLE PINES METROPOLITAN DISTRICT

Pledged Revenue Coverage Water & Sewer Bonds (Unaudited)

Last Ten Years

| Fiscal Year | Gross Revenue (2) | Operating Expenses (3) | Net Revenue Available for Debt Services | Debt Service Requirements (4) | | | Coverage |
|-------------|----------------------|---------------------------|---|-------------------------------|------------|------------|----------|
| | | | | Principal | Interest | Total | |
| 2002 | \$ 1,921,209 | \$ 1,372,282 | \$ 548,927 | \$ 120,584 | \$ 115,865 | \$ 236,449 | 2.32 |
| 2003 | 2,061,876 | 1,628,441 | 433,435 | 81,282 | 71,653 | 152,935 | 2.83 |
| 2004 | 2,052,823 | 1,630,431 | 422,392 | 145,000 | 55,002 | 200,002 | 2.11 |
| 2005 | 2,431,081 | 1,798,525 | 632,556 | 145,000 | 56,288 | 201,288 | 3.14 |
| 2006 | 2,878,675 | 2,237,690 | 640,985 | 150,000 | 54,040 | 204,040 | 3.14 |
| 2007 | 3,015,409 | 2,469,991 | 545,418 | 155,000 | 51,265 | 206,265 | 2.64 |
| 2008 | 3,314,366 | 2,384,321 | 930,045 | 160,000 | 47,855 | 207,855 | 4.47 |
| 2009 | 3,352,675 | 2,200,528 | 1,152,147 | 160,000 | 43,775 | 203,775 | 5.65 |
| 2010 | 3,768,149 | 2,334,438 | 1,433,711 | 170,000 | 39,215 | 209,215 | 6.85 |
| 2011 | \$ 3,683,828 | \$ 2,262,060 | \$ 1,421,768 | \$ 170,000 | \$ 33,945 | \$ 203,945 | 6.97 |

(1) The District initially issued revenue bonds in 1996.

(2) Total Proprietary Fund revenues exclusive of tap fees and transfers.

(3) Total Proprietary Fund operating expense exclusive of depreciation.

(4) Includes principal and interest of revenue bonds only.

CASTLE PINES METROPOLITAN DISTRICT

Demographic and Economic Statistics - Castle Pines Metro District Last Ten Years (Unaudited)

| Calendar Year | Population (1) | Number of Domestic Water Taps | Number of Domestic Irrigation Taps | Number of Flat Rate Taps | Total Taps | Avg. Consumption of Domestic Water Taps in Winter | Avg. Consumption of Domestic Water Taps in Summer | Annual Billed Gallons All Meters |
|------------------|----------------|--|---|--------------------------------|---------------|--|--|---|
| 2002 | 2,938 | 1,020 | 101 | 36 | 1,157 | 6,700 gal | n/a | 253,653,000 |
| 2003 | 3,162 | 1,054 | 118 | 47 | 1,219 | 5,201 gal | 43,140 gal | 239,757,000 |
| 2004 | 3,393 | 1,066 | 115 | 42 | 1,223 | 5,114 gal | 29,880 gal | 224,986,000 |
| 2005 | 3,678 | 1,226 | 124 | 79 | 1,429 | 6,714 gal | 42,265 gal | 266,776,000 |
| 2006 | 4,041 | 1,347 | 128 | 80 | 1,555 | 5,359 gal | 37,368 gal | 300,744,000 |
| 2007(2) | 4,196 | 1,457 | 129 | 56 | 1,642 | 5,685 gal | 39,105 gal | 294,224,000 |
| 2008 | 4,343 | 1,508 | 131 | 30 | 1,669 | 6,240 gal | 48,344 gal | 331,459,000 |
| 2009 | 4,392 | 1,525 | 131 | 13 | 1,669 | 5,538 gal | 28,109 gal | 266,859,000 |
| 2010 | 4,409 | 1,531 | 133 | 7 | 1,671 | 5,010 gal | 30,624 gal | 305,594,000 |
| 2011 | 4,418 | 1,534 | 133 | 7 | 1,674 | 5,142 gal | 32,316 gal | 300,513,000 |

Sources: All information provided by the District from billing software data.

(1) Calendar years 2001 through 2006, number of domestic metered accounts X 3 people per household

(2) Effective 2007, number of domestic metered accounts X 2.88 people per household;
US Census Bureau Info for Douglas County, CO

CASTLE PINES METROPOLITAN DISTRICT
Demographic and Economic Statistics - Douglas County (1)
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Median Household Income (2) | | Per Capita Income (2) | | Unemployment Rate (3)* | |
|-------------|-----------------------------|--------------------------|-----------------------|--------------------------|------------------------|----------------|
| | Douglas County | Castle Pines Village (4) | Douglas County | Castle Pines Village (4) | Douglas County | Douglas County |
| 2000 (5) | \$ 82,929 | \$ | 138,035 | \$ 34,848 | \$ 70,456 | |
| 2005 | 87,670 | | 37,931 | | | 4.2% |
| 2006 | 92,125 | | 39,917 | | | 3.5% |
| 2007 | 92,824 | | 40,897 | | | 3.1% |
| 2008 | 98,871 | | 40,526 | | | 4.2% |
| 2009 | 99,409 | | 41,578 | 119,635 | | 7.0% |
| 2010 | \$ 94,409 | \$ | 203,438 | \$ 39,228 | \$ 113,339 | 7.1% |
| 2011 | ** | ** | ** | ** | ** | 6.4% |

(1) Ten years of data is not available at this time, but will be accumulated over time.

(2) Source: Douglas County Community Planning and Sustainable Development

(3) Source: Colorado Department of Labor and Employment

(4) Castle Pines Village - 5 year rolling estimate

(5) 2000 Census data for reference; no data available for 2001 - 2004

* Douglas County began keeping their own Income and Unemployment Rates as of 2005

** 2011 Data not yet available

CASTLE PINES METROPOLITAN DISTRICT

Principal Employers in Douglas County Current Year and Two Years Ago (1) (Unaudited)

| Top Ten Employers in Douglas County | 2011 | | | 2009 | | |
|--|---------------------------|------|-----------------------|---------------------------|------|-----------------------|
| | Approx. # of Employees | Rank | % Total Employment | Approx. # of Employees | Rank | % Total Employment |
| Douglas County School District | 1,420 | 1 | 9% | 1,500 | 1 | 10% |
| Douglas County Government | 1,070 | 2 | 7% | 1,180 | 2 | 8% |
| Town of Castle Rock Government | 520 | 3 | 3% | 545 | 3 | 4% |
| King Soopers Grocers (3 stores) | 370 | 4 | 2% | 350 | 5 | 2% |
| Wal-Mart | 330 | 5 | 2% | 380 | 4 | 3% |
| Brookside Inn (nursing home) | 170 | 6 | 1% | 170 | 6 | 1% |
| Home Depot | 145 | 7 | 1% | 125 | 9 | 1% |
| Douglas County Library (CR & CPN) | 140 | 8 | 1% | 150 | 7 | 1% |
| Safeway Grocers (2 stores) | 140 | 9 | 1% | 145 | 8 | 1% |
| Castle Pines Golf Club | 120 | 10 | 1% | 125 | 10 | 1% |
| Total | 4,425 | | 28% | 3,170 | | 22% |

Source: Douglas County Community Planning and Sustainable Development

(1) Ten years of data is not available, but will be accumulated over time.

CASTLE PINES METROPOLITAN DISTRICT

Full-time Equivalent District Government Employees by Function Last Ten Years (Unaudited)

| <u>Function/Program</u> | Full-time Equivalent Employees as of December 31 (1) | | | | | | | | | |
|----------------------------------|--|------|------|------|------|------|------|----------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 (2) | 2003 | 2002 |
| General Government | 7 | 7 | 7 | 8 | 7 | 5 | 6 | n/a | n/a | n/a |
| Seasonal/Part-time | 15 | 14 | 14 | 13 | 13 | 16 | 11 | n/a | n/a | n/a |
| Water & Sewer | 3 | 3 | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| General Government/Water & Sewer | 9 | 9 | 9 | 9 | 11 | 8 | 9 | n/a | n/a | n/a |
| Total | 34 | 33 | 33 | 31 | 32 | 30 | 27 | 30 | 28 | 26 |

Source: District Payroll Department

(1) A number of FTE employees are split 34% general fund and 66% enterprise fund for budget purposes.

(2) In prior years, Plum Creek Wastewater Authority (PCWA) employees were included in our total count. The District manages PCWA, and payroll is completed through the District, but PCWA pays for payroll expense through their budget.

CASTLE PINES METROPOLITAN DISTRICT
Operating Indicators by Function
(Unaudited)

| Function | Fiscal Year | | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | |
| General Government: | | | | | | | | | | | |
| Site Plan Reviews | 9 | 1 | 0 | 18 | 76 | 112 | 122 | 104 | 140 | 36 | |
| CO Letters Issued | 2 | 10 | 23 | 62 | 97 | 116 | 102 | 76 | 50 | 49 | |
| Public Works: | | | | | | | | | | | |
| Miles of Streets in Lane Miles | 88.11 | 88.00 | 88.00 | 88.00 | 82.80 | 82.80 | 81.70 | 81.70 | 69.20 | 68.00 | |
| Area in Square Miles | 4.01 | 4.01 | 4.01 | 4.68 | 4.40 | 4.40 | 4.40 | 4.40 | 4.40 | 6.00 | |
| Number of Street Lights | 120 | 120 | 120 | 120 | 119 | 119 | 114 | 106 | 100 | 100 | |
| Number of Fire Hydrants | 438 | 414 | 414 | 414 | 411 | 411 | 403 | 403 | 403 | 314 | |
| Water Utilities: | | | | | | | | | | | |
| Miles of Sanitary Sewer (collection only, no trtmnt)(2) | 53.36 | 53.36 | 53.36 | 53.36 | 53.36 | 53.36 | 53.36 | 53.36 | 53.36 | 47.00 | |
| Number of Sewage Service Connection | 1,561 | 1,562 | 1,562 | 1,562 | 1,517 | 1,462 | 1,329 | 1,209 | 1,123 | 1,056 | |
| Miles of Water Mains (1) | 59.90 | 59.90 | 59.90 | 59.90 | 74.21 | 74.21 | 74.21 | 74.21 | 74.00 | 67.00 | |
| Number of Service Connections | | | | | | | | | | | |
| (Includes Irrigation & Flat Rates) | 1,674 | 1,671 | 1,669 | 1,669 | 1,642 | 1,555 | 1,350 | 1,252 | 1,179 | 1,155 | |
| Daily Average Production in Gallons | 979,251 | 936,171 | 876,440 | 1,088,035 | 911,736 | 975,437 | 862,554 | 760,685 | 802,000 | 695,890 | |
| Maximum Daily Treatment Capacity/2 WTP's (3) | 4,100,000 | 4,100,000 | 4,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | |

- (1) Miles of Water Mains adjusted on prior years
(2) Miles of Sanitary Sewer adjusted on prior years
(3) 3rd Filter Added @ WTP 2 - 1MGD

CASTLE PINES METROPOLITAN DISTRICT

Capital Asset Statistics by Function/Program Last Ten Fiscal Years (Unaudited)

| Function/Program | Fiscal Year | | | | | | | | | |
|--------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| General & Public Works | | | | | | | | | | |
| Streets - Lane Miles | 88.11 | 88.00 | 88.00 | 88.00 | 82.80 | 82.80 | 81.70 | 81.70 | 69.20 | 68.00 |
| Streetlights | 120 | 120 | 120 | 120 | 119 | 119 | 106 | 106 | 100 | 100 |
| Number of Vehicles | 16 | 16 | 16 | 16 | 11 | 9 | 8 | 7 | 7 | 7 |
| Water & Sewer | | | | | | | | | | |
| Miles of Water Mains | 59.90 | 59.90 | 59.90 | 59.90 | 74.21 | 84.70 | 75.60 | 75.60 | 74.00 | 67.00 |
| Miles of Sewer Mains | 52.39 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Fire Hydrants (1) | 438 | 414 | 414 | 414 | 411 | 411 | 403 | 403 | 403 | 314 |
| Daily Avg Production - Gallons | 979,251 | 936,171 | 876,440 | 1,088,035 | 911,736 | 975,437 | 862,554 | 760,685 | 802,000 | 695,890 |
| Storage Capacity - Gallons | 2,900,000 | 2,900,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 |
| Number of Vehicles | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |

(1) In 2003, number of Fire Hydrants adjusted for prior years

COLORADO WATER CONSERVATION BOARD

WATER PROJECT LOAN APPLICATION

Instructions: This application should be typed or printed neatly with black ink. Attach additional sheets as necessary to fully answer any question or to provide additional information that would be helpful in the evaluation of this application. When finished, please sign and return this application to:

THE COLORADO WATER CONSERVATION BOARD

Finance Section

1580 Logan St., Suite 600

Denver, CO 80203

Attn: Anna Mauss, P.E.

Phone (303) 866-3441 x3224 Fax (303) 894-2578

Email anna.mauss@state.co.us

Part A. - Description of the Applicant (Generally, the applicant is also the prospective owner and sponsor of the proposed project)

1. Name of applicant: Castle Pines Metropolitan District

Mailing Address: 5880 Country Club Drive, Castle Rock, CO 80108

Business Phone: (303) 688-8330 Fax (303) 688-8339

Federal ID Number 98-02537-0000 email: info@castlepinesmetro.com

2. Person to contact regarding this application:

Name: Paul V. Dannels

Position/Title: District Manager

Address: 5880 Country Club Drive, Castle Rock, CO 80108

Business Phone (303) 688-8330 Cell (303) 246-9529

Email: pvd@castlepinesmetro.com

3. Type of organization (Ditch Co., Irrigation District, Municipality, etc.): Special District of Colorado

Date of Monthly Meetings: Meetings are held once a month, each month, all year

Is the organization incorporated in the State of Colorado? YES ☐ NO ☒ (If YES, please include a copy of the articles of incorporation, and the bylaws) (Attachment #1, please find the Findings and Organizational Decrees of the District.)

CWCB Water Project Loan Application

4. Please provide a brief description of the owner's existing water supply facilities and describe any existing operational or maintenance problems. Attach a map of the service area (Attachment #2)

The Castle Pines Metropolitan District was established in 1973 for the purpose of providing water, wastewater treatment, operation and maintenance of street improvements and storm drainage services to the Castle Pines Village community. The District is governed by an elected five-member Board of Directors. Day-to-day operations are managed by the District Manager and staff. The District currently uses non-renewable Denver Basin groundwater as their water supply. The raw water is treated by one of two water treatment facilities to meet potable drinking water standards. From the treatment plants, the water is conveyed to the District's customers for consumption and irrigation. Wastewater is collected and conveyed to the Plum Creek Water Reclamation Authority (PCWRA) for treatment, located on Highway 85 by Happy Canyon Road. The District provides operations, maintenance, and management of the raw water system, water treatment plants, distribution system, and wastewater collection system. The District staff also manages by contract PCWRA, including operations and maintenance of the wastewater treatment facility.

Water Treatment Plants

The District currently owns and operates two water treatment plants (WTP). Each of the treatment plants are designed to treat groundwater. Although some of the wells may have water quality that allows the well to pump directly into the distribution system, all the wells are sent through a treatment plant.

Distribution System

The potable water distribution system consists of piping ranging from 6-inch to 18-inch diameter, two booster pump stations, two water storage tanks, five PRVs and numerous air relief valves.

The system has two water storage tanks. The capacities of the two tanks are 2 million gallons (MG) and 1 MG. Both tanks are designed to be at the same hydraulic grade line.

(Attachment #3, Current District Water System Schematic)

CWCB Water Project Loan Application

For existing facilities indicate:

Number of shareholders: N/A or Number of customers served: 4,446

Current Assessment per share \$ N/A Number of shares: N/A

Water Rights: Ground Water 3,957 AF.

Water Rights: Surface Water 4,565 AF. (rolling average)

Number of acres irrigated: N/A

Average water used per year: 1,094 acre-feet.

Part B, - Description of the Project

1. Name of the Project: Chatfield Reallocation Project

2. Purpose of this loan application. Check one.

- ☒ X New project
☐ Rehabilitation or replacement of existing facility
☐ Enlargement of existing facility
☐ Emergency Repair
☐ Other (describe) _____

3. If the project is for rehabilitation of an existing reservoir, is the reservoir currently under a storage restriction order from the State Engineer? YES ☐ NO: ☒ X

4. General location of the project. (Please include County, and approximate distance and direction from nearest town, as well as legal description, if known.

Chatfield Reservoir is located 25 miles southwest of Denver, Colorado, located next to Highlands Ranch, Douglas County, Colorado.

5. Please provide a brief narrative description of the proposed project including purpose, need, facilities, type of water uses to be served and service area. Attach separate sheet, if needed.

Castle Pines Metropolitan District is a participant in the Chatfield Reservoir Re-allocation Project. The purpose of the Chatfield Re-allocation Project is to allow Castle Pines Metro District and other Front Range water providers to use an existing storage facility to help provide for a more reliable water supply along the Front Range of Colorado now and into the future.

6. Will the acquisition of additional water rights be necessary? YES ☐ NO ☒ X

If YES, please explain. _____

CWCB Water Project Loan Application

7. Please list the names, addresses and phone numbers of the Applicants' engineer(s) and attorney(s).

NAME

ADDRESS and PHONE

Joe Tamburini, Engineer 1576 Sherman St., Denver, CO 80203, (303) 825-5999

Rita Connerly, Gen Counsel 1700 Lincoln St., Denver, CO 80203, (303) 896-4411

Scott Clark, Water Counsel 6400 S. Fiddlers Green Cir., Suite 1030, Englewood, CO 80111, (720) 493-3199

8. List any feasibility studies or other investigations that have been completed or are now in progress for the proposed project. If so, submit one copy of the study with this application

CHATFIELD RESERVOIR STORAGE REALLOCATION, Final Integrated Feasibility Report and Environmental Impact Statement, July 2013. The study is being conducted by the US Army Corps of Engineers, Omaha District, which owns and operates Chatfield Reservoir & Dam. To view this large document, please visit: www.chatfieldstudy.org.

9. Estimated cost of the project. Please include estimated engineering costs, and estimated construction costs, if known.

Estimated Engineering Costs: N/A

Estimated Construction Costs: N/A

Estimated Other Costs: N/A (land, water rights purchase, etc.)

Estimated Total Costs: \$5,594,735

10. Loan amount and terms you are requesting.

Requested Loan Amount: **\$5,035,262 (Usually 90 % of est. Total Costs)

Term (length) of loan: 30 years (Usually 10, 20, or 30 years)

Interest Rate: 3% (Please call for our current rates)

** \$559,473 will be put into an escrow account prior to closing.

Part C. - Project Sponsor Financial Information

Because the CWCB's Fund is a revolving fund, it is important that the project sponsor have the financial capacity to repay any loans made by the CWCB. The following information is needed to assist the CWCB in a preliminary assessment of the applicant's financial capacity. The project sponsor will submit the three most recent annual financial statements. (Attachments 4, 5 & 6)

1. List any existing long-term liability (multi-year) or indebtedness that exceeds one thousand dollars. For example, bank loans, government agency loans, bond issues, accounts payable, etc. Include names and addresses of lenders, amounts, due dates and maturity dates.

CWCB Water Project Loan Application

| <u>*Lender Name & Address</u> | <u>Remaining Amount</u> | <u>Annual Payment</u> | <u>Maturity Date</u> |
|--------------------------------------|-------------------------|-----------------------|----------------------|
| GO Refunding Bonds, Series 2008 | \$4,445,000 | \$1,425,000 | 2015 |
| Water & Sewer Rev Bonds, Series 2003 | \$575,000 | \$185,000 | 2015 |
| DWRF Loan | \$1,569,244 | \$87,061 | 2026 |
| DWRF Loan | \$199,729 | \$10,591 | 2027 |

*The long-term liability listed above includes remaining amount due (principal only) and annual payment for 2013 (payments are variable each year). Please see attached 2012 CAFR for more details.

2. Are any of the above liabilities now in default, or been in default at any time in the past?

YES _____ NO N/A If YES, please give detailed explanation.

3. Please provide a brief narrative description of sources of funding, in addition to the CWCB, which have been explored for this project (Examples would be Banks, USDA Rural Development, NRCS, Colorado Water Resources and Power Development Authority, Colorado Division of Local Government, etc.).

The District met with the Water & Power Development Authority and the CWCB to review the funding from each entity. The District has chosen to submit an application to the CWCB.

4. What collateral will you be offering for this loan? Possibilities include a pledge of revenues, the project itself, real estate, water rights.

The water project loan will be payable from and collateralized by the District's water and sewer revenues in the amount of the principal and interest owed.

The above statements are true, to the best of my knowledge:

Signature of Applicant



Printed Name: Paul V. Dannels

Title: District Manager

Date

8/7/13

H. HAROLD CALKINS, P.C.
RUSSELL P. KRAMER
THOMAS T. GRIMSHAW, P.C.
RICHARD L. HARRING
VICTOR L. WALLACE II, P.C.
GORDON F. GARRETT, P.C.
ROBERT L. KIRBY, P.C.
RALPH L. POUCHER, P.C.
JAMES S. BAILEY, JR., P.C.
JOHN J. TIPTON, P.C.
GILBERT F. McNEISH, P.C.
RICHARD E. STODDARD, P.C.
WAYNE B. SCHROEDER, P.C.
MARTHA B. TAYLOR, P.C.
WENDY J. HARRING
WARD L. VAN SCOYK, P.C.
BRUCE E. DEACON
T. EDWARD ICENOGLE
C. MICHAEL SAYRE

OF COUNSEL
MICHAEL E. REIDY

CALKINS, KRAMER, GRIMSHAW & HARRING

A LAW PARTNERSHIP INCLUDING
PROFESSIONAL CORPORATIONS
SUITE 1900, FIRST NATIONAL BANK BUILDING
621 SEVENTEENTH STREET
DENVER, COLORADO 80293

TELEPHONE
(303) 629-1900
TELECOPIER
(303) 623-6449

THOMAS T. TORNOW
JOHN W. PHARRIS
HOLLY I. HOLDER
CHARLES E. NORTON
DAVID C. HALLFORD
RICHARD F. NIPERT
TERRY L. COOK
RICHARD L. SHEARER
KEVIN J. FUNNELL
MATTHEW R. DALTON
MARK C. FOSTER
JOHN A. ECKSTEIN
DAVID A. EDSTROM
FREDERICK HUFF *
EDWARD J. BLIESZNER
PAMELA M. HASTINGS
JAMES SERVEN
GARY L. BRACKEN
TED R. BRIGHT
TIMOTHY E. YOUNG
DANIEL N. LARSON
HERBERT R. DONICA **
DAVID P. CAIN

February 9, 1982

* ADMITTED ONLY IN
MISSOURI & DISTRICT OF COLUMBIA

** ADMITTED ONLY
IN INDIANA

Paul Dannels
Castle Pines Land Company
5575 DTC Parkway, Suite 300
Englewood, Colorado 80111

Re: Castle Pines Metropolitan District

Dear Mr. Dannels:

Enclosed please find a copy of the Findings and
Organizational Decree which you requested from our office.

If I can be of further assistance, please do not
hesitate to call.

Very truly yours,

CALKINS, KRAMER, GRIMSHAW & HARRING

Kathy Samaras

Kathy Samaras
Legal Secretary to Robert L. Kirby

/s/
Enclosure

10
FEB 01 1982
CASTLE PINES

IN THE DISTRICT COURT IN AND FOR THE
COUNTY OF DOUGLAS AND STATE OF COLORADO
Civil Action No. 4023

FEB 10 1982
CASTLE PINES
FEB 10 1982
CASTLE PINES

IN THE MATTER OF THE)
ORGANIZATION OF THE)
CASTLE PINES)
METROPOLITAN DISTRICT)

SS.

FINDINGS AND
ORGANIZATIONAL DECREE

THIS MATTER coming on to be heard on the 14th day of June, 1973, at the hour of 2:00 o'clock P.m., upon the petition heretofore filed in this cause for the organization of the Castle Pines Metropolitan District, as a metropolitan district under and pursuant to the provisions of Article 3, Chapter 89, Colorado Revised Statutes 1963, and all laws supplemental thereto and upon the Certificate of Election Results filed by the Judges of Election, said election being for the organization of the Castle Pines Metropolitan District (herein the "District"), and held on Tuesday, the 12th day of June, 1973, and upon the "Findings and Order" entered on the 2nd day of April, 1973, and the Court having heard the statements of counsel, having considered documentary evidence, and being fully advised in the premises, DOTH FIND:

1. That a petition for the organization of the proposed metropolitan district was heretofore filed and presented to the Court in conformity with the statute in such case made and provided, that the allegations of said petition are true; that said petition is signed by not less than ten per cent (i.e. 100 per cent (100%) of the taxpaying electors of the proposed District; and that a cash bond sufficient to cover all costs and expenses connected with these proceedings was duly filed in this Court.

2. That in accordance with the provisions of Article 18, Chapter 89, Colorado Revised Statutes 1963, the Board of County Commissioners of the County of Douglas on the 25th day of October, 1972, adopted a "Resolution of Approval, (resolutions of conditional approval having been adopted on May 24, 1972, and on September 20, 1972) and that in accordance with Section 89-18-5, the petition for the organization of the Castle Pines Metropolitan District was accompanied by the resolution approving the service plan and the service plan of the proposed district adopted by the Board of County

Commissioners of the County where the territory of the proposed Castle Pines Metropolitan District lies.

3. That the evidence presented to the Court at the hearing on the 2nd day of April, 1973, conclusively established that the signers (i.e., six (6) of said petition represent in excess of ten per cent of the tax-paying electors (i.e. 100 per cent (100%) within the boundaries of the District, as defined by Article 17, Chapter 89, Colorado Revised Statutes 1963, as amended.

4. That notice of hearing on said petition was given for the time and in the manner prescribed by law, and that notice thereof was duly mailed by United States registered mail to the Board of County Commissioners of the County of Douglas, and was delivered to the Assessor of the County of Douglas and to the Property Tax Administrator of the State of Colorado and to the Director of the Division of Local Government of the State of Colorado.

5. That on the day fixed for such hearings the Court has ascertained from the tax rolls of Douglas County in which the District is to be located, and from the last official registry list and from such other evidence as has been presented at the hearing, that the requisite number of taxpaying electors of the proposed district have signed the petition, all as required by Section 89-3-8(1) Colorado Revised Statutes 1963.

6. That subsequent to the filing of the petition in said matter, and prior to the hearing on said petition, there was filed by said petitioners in this Court a cash Bond of Petitioners made sufficient to pay all expenses connected with the proceedings in case the organization of the District be not effected, and that such bond and the security thereof have been heretofore approved by this Court as required by law.

7. That no home rule municipal corporation, and in fact, no other municipality or district has territory within the proposed Castle Pines Metropolitan District, and that said proposed district lies wholly within the County of Douglas and the State of Colorado.

8. That no Regional Service Authority has been formed or is in the process of being formed within the territory which extends into the proposed boundaries of this district and that the provisions of Section 89-25-37, Colorado Revised Statutes 1963, as amended, do not apply to the organization of this Castle Pines Metropolitan District.

9. That the question of the organization of the District was, by order of this Court duly entered, submitted to the electors of the proposed District at an election held at the Anderson Ranch House, Southeast of Intersection of Happy Canyon Road and U. S. 85, SW 1/4 Section 21, T. 7 S. R 67 W., Douglas County, Colorado, within the boundaries of the proposed District, on Tuesday, the 12th day of June, 1973.

10. That a description of the boundaries of the proposed District, consisting of contiguous territory within such District, together with a map thereof, was on the date of such election and now is on file in the office of the Clerk of this Court.

11. That the polls at said election were kept open from 7:00 o'clock a.m. until 7:00 o'clock p.m., of said day, and that said election was held and conducted, as nearly as could be, in the same manner as general elections in this State; that Delbert D. Westfall, Sylvia Sue Westfall and Donald B. Robertson, qualified electors of the proposed District, were duly appointed Judges of said election by this Court, pursuant to Subsection 4 of Section 89-3-8, Colorado Revised Statutes 1963, as amended, by order duly entered on the 2nd day of April, 1973, and that registration pursuant to the general election (or any other) statutes was not required and that there was no special registration for such election, but for the purpose of determining qualifications of electors, the judges could require the execution of an affidavit concerning such qualifications, which affidavit shall be prima facie evidence of the facts stated therein.

12. That published notice of said election was duly given, said notice being published on May 17, 1973, on May 24, 1973, on May 31, 1973, and on June 8, 1973, in the Douglas County News, a newspaper of general circulation in the District, and published in Castle Rock, Douglas County, Colorado, as provided by Article 3, Chapter 89, Colorado Revised Statutes 1963, as amended, the first publication thereof being not less than twenty days prior to the date of said election.

13. That the Judges of said election have duly certified to this Court and filed herein the returns of said election; that at said election a total of 6 ballots were cast on the organization of the District; that there were 6 votes cast by electors at said election on the organization question submitted; and that of said ballots cast, 6 ballots were marked "For the Organization" and no ballots were marked "Against the Organization," no ballots being spoiled; and that the majority of said votes were cast in favor of the organization of the proposed metropolitan

District.

14. That absentee voting was permitted in the manner provided by law; provided, however, that the Clerk of the District Court performed the duties normally performed by the County Clerk of the County of Douglas in connection with said absentee voting and that no applications for an absent voter's ballot were received prior to the close of business on Friday, June 8, 1973.

15. That the evidence presented to the Court at the hearing on the 2nd day of April, 1973, and the evidence presented this 14th day of June, 1973, conclusively established that the only persons qualified to vote in the election on the organization of the District were electors as defined by Section 89-17-8, Colorado Revised Statutes 1963; and that there were no persons who would have resided within the District for less than 32 days prior to the date of the election on the organization of the District; and there are only two persons who reside in the District on the date of the entry of this order.

16. That as there is no procedure set forth in Article 3, Chapter 89, Colorado Revised Statutes 1963, for the nomination of persons to serve as directors of such a district, if such a district be organized, the electors of the District were furnished with ballots in substantially the form set forth in this Court's order of April 2, 1973, wherein a blank for write-in was provided for each of the five offices of director of the District.

17. That at said election Lois S. Robertson received the highest number of votes for director to serve until the first biennial election; that Leo F. Sullivan and Frank W. Baumgartner received the highest number of votes for Directors to serve until the second biennial election; and that Donald B. Robertson and Elwood M. Kullgren received the highest number of votes for Directors to serve until the third biennial election.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED:

1. That said Castle Pines Metropolitan District be, and the same hereby is, ordered and declared, duly organized under the laws of the State of Colorado, as a governmental subdivision of said State and body corporate.

2. That the corporate name of said District is, and it shall hereafter be known as "Castle Pines Metropolitan District."

3. That the District shall have and exercise through its proper officers all of the power and authority conferred upon a Metropolitan Water, Sanitation, and Fire Protection District under and by virtue of the provisions of Article 3, Chapter 89, Colorado Revised Statutes 1963, as amended, and all laws thereunto enabling, and such power and authority as may hereafter be conferred by law.

4. That the following are, pursuant to said vote at said election and by order of this Court, duly designated as the first Board of Directors of Castle Pines Metropolitan District for the terms set opposite each of their respective names, to wit:

| | |
|-----------------------------|---|
| <u>Lois S. Robertson</u> | To serve until the first biennial election |
| <u>Leo F. Sullivan</u> | To serve until the second biennial election |
| <u>Frank W. Baumgartner</u> | To serve until the second biennial election |
| <u>Donald B. Robertson</u> | To serve until the third biennial election |
| <u>Elwood M. Kullgren</u> | To serve until the third biennial election |

5. That the District be, and the same hereby is, declared, created and established as a governmental subdivision of the State of Colorado, and as a body corporate, with all the powers of a public or quasi-municipal corporation organized for water, sanitation and fire protection purposes; that the said Board of Directors herein named shall have, and they are hereby vested with, all the powers, duties and obligations of directors of the Castle Pines Metropolitan District as conferred and provided by said Article 3, Chapter 89, all laws amendatory thereof and supplemental thereto, and as may by law hereafter be provided.

6. That the boundaries of the Castle Pines Metropolitan District and the territory included therein are within the County of Douglas and an accurate description is as follows:

A parcel of land lying within Sections 15, 16, 17, 20, 21, 22, 27 and 28, Township 7 South, Range 67 West of the Sixth Principal Meridian, County of Douglas State of Colorado, more particularly described as follows:

Section 15: The Southwest one-quarter of the Southwest one-quarter (SW1/4 SW1/4) of said Section 15 and the following described tract: Starting at the Southwest corner of said Section; thence North 1320.00 feet, more or less, to 3/4 inch pipe stake, which is the point of beginning and 1/16 corner; thence North 740.00 feet, more or less, to South right of way line of County Road; thence N.37°00'00"E., 460.00 feet along said right of way line, thence N.41°15'00"E., 370.00 feet along said right of way line; thence N.60°45'00"E., 170.00 feet along said right of way line, thence N.41°00'00"E., 775.00 feet along said right of way line; thence N.58°00'00"E., 178.00 feet, more or less, to the East line of the West one-half of the West one-half of said Section 15; thence South along the East line of the West one-half of the West one-half of said Section 15, 837.00 feet; thence East 1484.00 feet, more or less, to West right of way line of U. S. Highway No. 87; thence Southwesterly along said right of way line on a 02°00'00" curve right (radius 2635.00 feet) 875.50 feet; thence S.14°45'00"W. along said right of way line, 320.00 feet; thence S.25°10'30"W. along said right of way line, 490.00 feet; thence on a 01°30'00" curve left (radius 3990.00 feet) along said right of way line 1090.00 feet, more or less, to South line of said Section; thence West 644.00 feet, more or less, to the East line of the West one-half of the West one-half of said Section 15; thence North 1320.00 feet; thence West 1320.00 feet, more or less to point of beginning.

Section 16: All of said Section 16, Township 7 South, Range 67 West of the Sixth Principal Meridian.

Section 17: The South one-half of the Southeast one-quarter (S1/2 SE1/4) of said Section 17, Township 7 South, Range 67 West of the Sixth Principal Meridian.

Section 20: A portion of the East one-half (E1/2) of Section 20 more particularly described as follows: Beginning at the Northeast corner of said Section 20; thence Westerly and along the North line of said Section 20 a distance of 2610.73 feet to the Northwest corner of the East one-half of Section 20; thence S.00°22'00"W. and along the West line of said East one-half a distance of 1754.76 feet; thence S.89°38'00"E. a distance of 338.00 feet; thence S.00°22'00"W. a distance of 1036.00 feet; thence N.89°38'00"W. a distance of 338.00 feet to the West line of said East one-half; thence S.00°22'00"W. and along said West line a distance of 356.80 feet; thence S.55°13'20"E. a distance of 832.33 feet; thence N.62°09'11"E. a distance of 2183.26 feet to the East line of said Section 20; thence Northerly and along said East line a distance of 2634.88 feet, more or less, to the point of beginning.

Section 21: All of Section 21, Township 7 South, Range 67 West of the Sixth Principal Meridian.

Section 22: The West one-half (W1/2) except all that portion of the West one-half (W1/2) of said Section 22 lying Easterly of a line drawn concentric with and distant 500 feet Westerly from, measured parallel with and/or radially to, the Westerly right of way line of U. S. Highway No. 87 as now located (said right of way being described in part in that certain deed from F. Lyle Williams and Nelma June Williams to the State Highway Department recorded in Book 104 at Page 160 of the records of the Clerk and Recorder of Douglas County, Colorado).

Section 27: The Northeast one-quarter of the Northwest one-quarter (NE1/4 NW1/4) of said Section 27, Township 7 South, Range 67 West of the Sixth Principal Meridian.

Section 28: The West one-half of the Northeast one-quarter (W1/2 NE1/4) and the North one-half of the Northwest one-quarter (N1/2 NW1/4), of said Section 28, Township 7 South, Range 67 West of the Sixth Principal Meridian.

7. That the Certificate of Election Results of said Judges of Election heretofore filed herein be, and the same is hereby, in all respects, approved and confirmed.

8. That the form of Director's bond and the form of treasurer's bond hereto attached as Exhibit "A" be, and the same are hereby, fixed and approved as the form of bond to be executed by the directors of the District as provided in Section 89-3-10, Colorado Revised Statutes 1963, and treasurer of the District, as provided by Section 89-3-11(2) Colorado Revised Statutes 1963, in qualifying for their respective offices.

10. That in accordance with the provisions of Section 89-18-9, Colorado Revised Statutes 1963 (1965 Permanent Cumulative Supplement), the Service Plan and the Final Resolution of Approval adopted on the 25th day of October, 1972, approving the Service Plan, shall be, and the same hereby are, incorporated by reference in and appended to this order incorporating the Castle Pines Metropolitan District, all other legal procedures for the formation of said District having been complied with.

11. That within thirty days herefrom the Clerk of this Court shall transmit to the County Clerk and Recorder in the County of Douglas, State of Colorado, a copy of this Findings and Organizational Decree, the Clerk and Recorder of said County to receive a fee of one dollar (\$1.00) for filing and preserving the same.

12. That the Clerk of this Court shall transmit to the State Property Tax Administrator of the State of Colorado, the Director of the Division of Local Government of the State of Colorado, the Board of County Commissioners of the County of Douglas, and the County Assessor of the County of Douglas, notice of the completion of the organization of said District, including a legal description of the area concerned and a copy of this Findings and Organizational Decree, a map shall also be forwarded to the State Property Tax Administrator and the State Division of Local Government and the names and addresses of the officers of the District shall be included in the notice to the Board of County Commissioners and the State Division of Local Government; that in accordance with Section 89-17-2, Colorado Revised Statutes 1963 (1965 Permanent Cumulative Supplement), as amended, a separate notice in duplicate shall also be filed with and recorded by the County Clerk and

Recorder of the County of Douglas, State of Colorado, a certified copy to be forwarded by the Clerk and Recorder to the State Division of Local Government; and that the form of such notice hereto attached as Exhibit "C" be, and the same is hereby fixed and approved as the form of the notice to be so filed and recorded.

13. That the members of the Board of Directors of the District shall qualify for office and organize said Board in the manner prescribed by the laws of the State of Colorado.

14. That the Court shall and does retain jurisdiction of the proceedings for all such further orders and actions as may be proper in the premises.

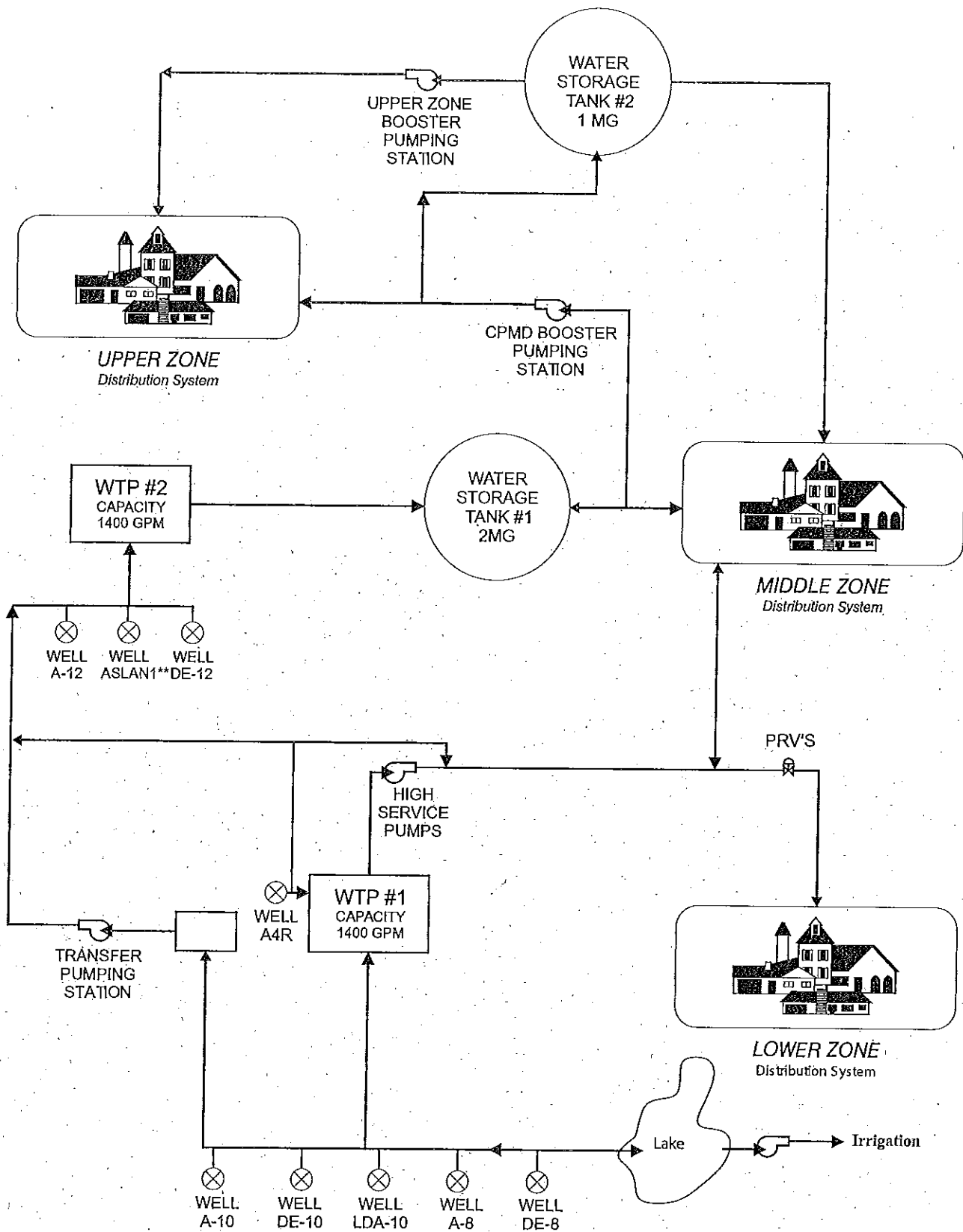
DONE BY THIS COURT this 14th day of June, 1973.

BY THE COURT
Marvin W. Foote
Judge

CASTLE PINES

V I L L A G E





** Not owned by the District but connected to system and reserved for future ASLAN use.

Figure 2-1: Current District Water System Schematic

**Rothberg
Tamburini
Winsor**