

CASTLE PINES NORTH METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2009

with

Independent Auditors' Report

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

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Castle Pines North Metropolitan District, Douglas County, Colorado, as of and for the year ended December 31, 2009, 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.

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.

The District has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund of the Castle Pines North Metropolitan District, as of December 31, 2009, and the respective changes in financial position and cash flows, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principals generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Castle Pines North Metropolitan District's basic financial statements. The accompanying supplemental information on pages 37 through 39 and the continuing disclosure annual financial information on pages 40 through 45 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. This information on pages 37 through 39 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The continuing disclosure annual financial information on pages 40 through 45 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Simmons & Wheeler P.C.

July 8, 2010

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF NET ASSETS

December 31, 2009

With Comparative Totals for December 31, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>2008</u>
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 10,935,166	\$ 6,718,319	\$ 17,653,485	\$ 14,515,197
Cash and investments - restricted	533,490	-	533,490	767,230
Taxes receivable - current	42,415	-	42,415	37,459
Taxes receivable - deferred	5,975,265	-	5,975,265	5,938,106
Accounts receivable - services	13,401	373,866	387,267	407,109
Accounts receivable - other	279,978	7,366	287,344	28,541
Prepaid expenses	-	75,000	75,000	128,112
Total Current Assets	<u>17,779,715</u>	<u>7,174,551</u>	<u>24,954,266</u>	<u>21,821,754</u>
NONCURRENT ASSETS				
Capital assets, net of accumulated depreciation	66,952,924	39,821,534	106,774,458	93,927,546
Bond costs of issuance, net of amortization	729,979	-	729,979	492,474
Total Noncurrent Assets	<u>67,682,903</u>	<u>39,821,534</u>	<u>107,504,437</u>	<u>94,420,020</u>
Total Assets	<u>85,462,618</u>	<u>46,996,085</u>	<u>132,458,703</u>	<u>116,241,774</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	115,469	264,070	379,539	945,151
Retainage payable	-	-	-	45,398
Accrued compensated absences	26,090	26,131	52,221	47,722
Deferred property taxes	5,975,265	-	5,975,265	5,938,106
Deferred revenue - less than one year	-	35,812	35,812	35,812
Accrued interest payable - bonds	65,470	-	65,470	74,372
Bonds payable - less than one year	1,378,886	-	1,378,886	988,095
Total Current Liabilities	<u>7,561,180</u>	<u>326,013</u>	<u>7,887,193</u>	<u>8,074,656</u>
LONG-TERM LIABILITIES				
Deferred revenue - greater than one year	-	214,403	214,403	250,214
Bonds payable, net of premium - greater than one year	42,025,563	-	42,025,563	29,229,449
Total Noncurrent Liabilities	<u>42,025,563</u>	<u>214,403</u>	<u>42,239,966</u>	<u>29,479,663</u>
Total Liabilities	<u>49,586,743</u>	<u>540,416</u>	<u>50,127,159</u>	<u>37,554,319</u>
NET ASSETS				
Invested in capital assets, net of related debt	23,548,475	39,821,534	63,370,009	64,202,476
Restricted for:				
Emergency reserve	96,000	-	96,000	100,000
Debt service	291,675	-	291,675	582,435
Conservation trust fund	90,732	-	90,732	50,688
Unrestricted:	11,848,993	6,634,135	18,483,128	13,751,856
Total Net Assets	<u>\$ 35,875,875</u>	<u>\$ 46,455,669</u>	<u>\$ 82,331,544</u>	<u>\$ 78,687,455</u>

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

Functions/Programs	Total Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	2008
Primary Government:								
Governmental Activities:								
General government	\$ 3,191,298	\$ 68,500	\$ 618,125	\$ -	\$ (2,504,673)	\$ -	\$ (2,504,673)	\$ (1,851,219)
Intergovernmental revenues	-	-	284,149	-	284,149	-	284,149	292,536
Interest and related costs on long-term debt	1,391,825	-	-	-	(1,391,825)	-	(1,391,825)	(1,036,052)
Depreciation	298,526	-	-	-	(298,526)	-	(298,526)	(285,529)
Total Governmental Activities	<u>4,881,649</u>	<u>68,500</u>	<u>902,274</u>	<u>-</u>	<u>(3,910,875)</u>	<u>-</u>	<u>(3,910,875)</u>	<u>(2,880,264)</u>
Business-Type Activities:								
Water operations (including depreciation)	2,449,075	2,211,999	-	1,552,519	-	1,315,443	1,315,443	1,540,311
Sewer operations (including depreciation)	1,618,103	1,202,987	-	119,871	-	(295,245)	(295,245)	(143,273)
Storm drainage operations (including depreciation)	179,827	249,126	-	450	-	69,749	69,749	86,032
Total Business-Type Activities	<u>4,247,005</u>	<u>3,664,112</u>	<u>-</u>	<u>1,672,840</u>	<u>-</u>	<u>1,089,947</u>	<u>1,089,947</u>	<u>1,483,070</u>
Total	<u>\$ 9,128,654</u>	<u>\$ 3,732,612</u>	<u>\$ 902,274</u>	<u>\$ 1,672,840</u>	<u>(3,910,875)</u>	<u>1,089,947</u>	<u>(2,820,928)</u>	<u>(1,397,194)</u>
General Revenues:								
Property taxes					5,929,404	-	5,929,404	5,854,744
Specific ownership taxes					444,704	-	444,704	499,231
Miscellaneous income					11,274	11,021	22,295	25,190
Transfer in (out)					(500,000)	500,000	-	-
Interest income					39,742	28,872	68,614	347,356
Total General Revenues					<u>5,925,124</u>	<u>539,893</u>	<u>6,465,017</u>	<u>6,726,521</u>
Change in Net Assets					2,014,249	1,629,840	3,644,089	5,329,327
Net Assets - Beginning					<u>33,861,626</u>	<u>44,825,829</u>	<u>78,687,455</u>	<u>73,358,128</u>
Net Assets - Ending					<u>\$ 35,875,875</u>	<u>\$ 46,455,669</u>	<u>\$ 82,331,544</u>	<u>\$ 78,687,455</u>

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2009

With Comparative Totals for December 31, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental 2009</u>	<u>Total Governmental 2008</u>
ASSETS				
Cash and investments	\$ 10,935,166	\$ -	\$ 10,935,166	\$ 6,914,594
Cash and investments - restricted	186,732	346,758	533,490	767,230
Taxes receivable - current	42,415	-	42,415	37,459
Taxes receivable - deferred	2,769,025	3,206,240	5,975,265	5,938,106
Accounts receivable - other	3,014	10,387	13,401	1,226
Prepaid expenses	<u>279,978</u>	<u>-</u>	<u>279,978</u>	<u>128,112</u>
 Total Assets	 <u>\$ 14,216,330</u>	 <u>\$ 3,563,385</u>	 <u>17,779,715</u>	 <u>13,786,727</u>
 LIABILITIES				
Accounts payable	\$ 115,469	\$ -	115,469	86,875
Retainage payable	-	-	-	5,633
Accrued compensated absences	26,090	-	26,090	25,513
Deferred property taxes	<u>2,769,025</u>	<u>3,206,240</u>	<u>5,975,265</u>	<u>5,938,106</u>
 Total Liabilities	 <u>2,910,584</u>	 <u>3,206,240</u>	 <u>6,116,824</u>	 <u>6,056,127</u>
 FUND BALANCES:				
Reserved for:				
Emergency reserve	96,000	-	96,000	100,000
Debt service	-	357,145	357,145	582,435
Capital projects	10,353,875	-	10,353,875	-
Conservation trust fund	90,732	-	90,732	50,688
Unreserved	<u>765,139</u>	<u>-</u>	<u>765,139</u>	<u>6,997,477</u>
 Total Fund Balance	 <u>11,305,746</u>	 <u>357,145</u>	 <u>11,662,891</u>	 <u>7,730,600</u>
 Total Liabilities and Fund Balance	 <u>\$ 14,216,330</u>	 <u>\$ 3,563,385</u>		

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, are not reported in the funds	66,952,924	55,930,468
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The funds report bond issue costs as expenditures at the time the costs are incurred, but the statement of net assets reports these costs as a deferred asset and amortized the cost over the life of the bonds	729,979	492,474
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds		
Bonds payable, net of costs of bonds refunding	(43,404,449)	(30,217,544)
Accrued interest on bonds payable	<u>(65,470)</u>	<u>(74,372)</u>

Net Assets of Governmental Activities	<u>\$ 35,875,875</u>	<u>\$ 33,861,626</u>
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The notes to the financial statements are an integral part of these statements.

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2009

With Comparative Totals For the Year Ended December 31, 2008

	2009			2008
	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Total</u>
REVENUES				
Property taxes	\$ 2,619,969	\$ 3,309,435	\$ 5,929,404	\$ 5,854,744
Specific ownership taxes	444,704	-	444,704	499,231
Intergovernmental revenue	39,760	244,389	284,149	292,536
Farm land revenue	26,000	-	26,000	-
Lease income	68,500	-	68,500	61,830
Oil royalty income	17,125	-	17,125	-
Base Rental income	575,000	-	575,000	100,000
Investment income	29,995	9,747	39,742	201,907
Miscellaneous income	11,274	-	11,274	10,039
	<u>3,832,327</u>	<u>3,563,571</u>	<u>7,395,898</u>	<u>7,020,287</u>
EXPENDITURES				
General government	1,311,626	49,731	1,361,357	1,262,395
Public works/parks	1,829,941	-	1,829,941	750,654
Capital outlay	11,320,982	-	11,320,982	8,623,025
Debt service	787,197	3,739,130	4,526,327	3,296,316
	<u>15,249,746</u>	<u>3,788,861</u>	<u>19,038,607</u>	<u>13,932,390</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(11,417,419)	(225,290)	(11,642,709)	(6,912,103)
OTHER FINANCING SOURCES (USES)				
Proceeds from 2008 Certificates of Participation	-	-	-	8,585,000
Proceeds from 2009 Certificates of Participation	16,075,000	-	16,075,000	-
Transfer (to) other funds	(500,000)	-	(500,000)	(500,000)
	<u>15,575,000</u>	<u>-</u>	<u>15,575,000</u>	<u>8,085,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	4,157,581	(225,290)	3,932,291	1,172,897
FUND BALANCE:				
BEGINNING OF YEAR	<u>7,148,165</u>	<u>582,435</u>	<u>7,730,600</u>	<u>6,557,703</u>
END OF YEAR	<u>\$ 11,305,746</u>	<u>\$ 357,145</u>	<u>\$ 11,662,891</u>	<u>\$ 7,730,600</u>

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009	2008
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - Total governmental funds	\$ 3,932,291	\$ 1,172,897
<p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful lives of the asset. Therefore, this is the amount of capital outlay, net of depreciation, in the current period.</p>		
Capital outlay	11,320,982	8,623,025
Depreciation expense	(298,526)	(267,333)
Reclassification of capital asset to expense	-	(18,196)
<p>The issuance of long-term debt (e.g., bonds, certificates of participation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Bonds - costs of issuance amortization	(25,594)	(26,782)
Bonds - cost of refunding amortization	(226,032)	(237,272)
Bonds - premium amortization	19,127	20,006
Bonds - principal payment	2,905,000	2,265,000
Certificate of Participation - proceeds	(16,075,000)	(8,585,000)
Certificate of Participation - costs of issuance	288,408	252,303
Certificate of Participation - principal payment	190,000	-
Certificate of Participation - costs of issuance amortization	(25,309)	(4,219)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.</p>		
Accrued interest on bonds payable	8,902	(8,772)
Change in Net Assets of Governmental Activities	\$ 2,014,249	\$ 3,185,657

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2008 Actual
REVENUES					
Property taxes	\$ 2,571,610	\$ 2,571,610	\$ 2,619,969	\$ 48,359	\$ 2,586,980
Specific ownership taxes	510,000	510,000	444,704	(65,296)	499,231
Conservation trust fund	38,000	38,000	39,760	1,760	42,000
Farm land revenue	-	-	26,000	26,000	-
Lease income	58,500	58,500	68,500	10,000	61,830
Oil royalty income	-	-	17,125	17,125	-
Base Rental income	-	575,000	575,000	-	100,000
Investment income	50,125	50,125	29,995	(20,130)	163,999
Miscellaneous income	8,500	8,500	11,274	2,774	10,039
Total Revenues	<u>3,236,735</u>	<u>3,811,735</u>	<u>3,832,327</u>	<u>20,592</u>	<u>3,464,079</u>
EXPENDITURES					
General government					
Salaries and wages	343,762	343,762	317,590	26,172	316,116
Employee benefits and taxes	87,753	87,752	82,168	5,584	75,876
Accounting, audit and legal	111,000	111,000	93,317	17,683	116,370
Other professional services	57,000	57,000	102,229	(45,229)	66,278
Utilities	42,600	42,600	35,255	7,345	37,473
Insurance	20,000	20,000	20,204	(204)	19,058
Treasurer's fees	46,289	46,289	39,370	6,919	39,471
Memberships, training and subscriptions	11,095	11,095	5,363	5,732	7,185
Other office expenses	47,000	47,000	30,990	16,010	42,445
Repairs and maintenance	19,800	19,800	10,140	9,660	37,349
Base rental expense	-	575,000	575,000	-	100,000
2008 Certificates of Participation - interest/other expens	682,000	320,000	226,181	93,819	102,613
2008 Certificates of Participation - costs of issuance	-	-	-	-	252,303
2009 Certificates of Participation - interest/other expens	-	30,000	22,747	7,253	-
2009 Certificates of Participation - costs of issuance	-	300,000	288,408	11,592	-
LOC and other banking fees	-	630,000	228,838	401,162	-
Remarketing fees	-	27,000	21,023	5,977	-
Emergency reserve	96,000	96,000	-	96,000	-
Contingency	225,000	225,000	-	225,000	-
Total General Government	<u>1,789,299</u>	<u>2,989,298</u>	<u>2,098,823</u>	<u>890,475</u>	<u>1,212,537</u>
Public Works/Parks					
Landscape maintenance contract	324,000	324,000	288,203	35,797	155,833
Landscape supplies	9,000	9,000	10,600	(1,600)	9,855
Repairs and maintenance	1,563,000	1,563,000	1,337,244	225,756	224,191
Utilities	222,000	222,000	187,653	34,347	239,390
Park services	6,800	6,800	6,241	559	5,608
Weed abatement	-	-	-	-	115,777
Contingency	450,000	450,000	-	450,000	-
Total Public Works/Parks	<u>2,574,800</u>	<u>2,574,800</u>	<u>1,829,941</u>	<u>744,859</u>	<u>750,654</u>
Capital outlay	3,162,500	10,992,500	11,320,982	(328,482)	8,623,025
Total expenditures	<u>7,526,599</u>	<u>16,556,598</u>	<u>15,249,746</u>	<u>1,306,852</u>	<u>10,586,216</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,289,864)</u>	<u>(12,744,863)</u>	<u>(11,417,419)</u>	<u>1,327,444</u>	<u>(7,122,137)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from 2008 Certificates of Participation	-	-	-	-	8,585,000
Proceeds from 2009 Certificates of Participation	-	16,075,000	16,075,000	-	-
Transfer (to) other funds	(500,000)	(500,000)	(500,000)	-	(500,000)
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>15,575,000</u>	<u>15,575,000</u>	<u>-</u>	<u>8,085,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	<u>(4,789,864)</u>	<u>2,830,137</u>	<u>4,157,581</u>	<u>1,327,444</u>	<u>962,863</u>
FUND BALANCE - BEGINNING OF YEAR	<u>6,896,315</u>	<u>7,148,165</u>	<u>7,148,165</u>	<u>-</u>	<u>6,185,302</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,106,451</u>	<u>\$ 9,978,302</u>	<u>\$ 11,305,746</u>	<u>\$ 1,327,444</u>	<u>\$ 7,148,165</u>

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF NET ASSETS

ENTERPRISE FUND

December 31, 2009

With Comparative Totals for December 31, 2008

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 6,718,319	\$ 7,600,603
Accounts receivable - services	373,866	407,109
Accounts receivable - other	7,366	27,315
Prepays	75,000	-
Total Current Assets	7,174,551	8,035,027
 CAPITAL ASSETS		
Plant, property and equipment	49,569,557	46,550,921
Accumulated depreciation	(9,748,023)	(8,553,843)
Total Capital Assets	39,821,534	37,997,078
 TOTAL ASSETS		
	46,996,085	46,032,105
 LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	264,070	858,276
Retainage payable	-	39,765
Accrued compensated absences	26,131	22,209
Deferred revenue - due in one year	35,812	35,812
Total Current Liabilities	326,013	956,062
 LONG-TERM LIABILITIES		
Deferred revenue - greater than one year	214,403	250,214
 TOTAL LIABILITIES		
	540,416	1,206,276
 NET ASSETS		
Invested in capital assets, net of related debt	39,821,534	37,997,078
Unrestricted	6,634,135	6,828,751
 TOTAL NET ASSETS		
	\$ 46,455,669	\$ 44,825,829

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUND

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Water charges	\$ 2,211,999	\$ 2,443,456
Sewer charges	1,202,987	1,167,923
Storm drainage charges	249,126	252,115
Other operating income	<u>-</u>	<u>3,400</u>
Total Operating Revenues	<u>3,664,112</u>	<u>3,866,894</u>
OPERATING EXPENSES		
Water operations		
General overhead	30,449	25,819
Salaries and wages	148,782	145,137
Employee benefits and taxes	48,540	44,647
Memberships, training and subscriptions	984	2,568
Engineering	96,705	161,189
Repairs and maintenance	287,516	201,984
Utilities	608,751	724,655
Equipment and supplies	28,939	98,286
Treatment costs	1,532	2,831
Water rebates	44,859	-
Other projects	<u>233,542</u>	<u>297,706</u>
Total Water operations	<u>1,530,599</u>	<u>1,704,822</u>
Sewer operations		
General overhead	26,745	45,205
Salaries and wages	148,782	145,137
Employee benefits and taxes	48,540	46,352
Memberships, training and subscriptions	119	613
Engineering	25,620	31,814
Repairs and maintenance	185,204	123,271
Utilities	59,973	67,720
Equipment and supplies	5,076	34,310
Treatment costs	744,237	647,484
Other projects	<u>103,065</u>	<u>-</u>
Total Sewer operations	<u>1,347,361</u>	<u>1,141,906</u>
Storm drainage operations		
General overhead	9,340	8,128
Salaries and wages	70,941	66,784
Employee benefits and taxes	24,626	23,293
Memberships, training and subscriptions	-	1,261
Engineering	4,959	10,971
Repairs and maintenance	64,392	51,674
Equipment and supplies	172	-
Other projects	<u>435</u>	<u>-</u>
Total Storm drainage operations	<u>174,865</u>	<u>162,111</u>
Depreciation	<u>1,194,180</u>	<u>1,071,013</u>
Total Operating Expenses	<u>4,247,005</u>	<u>4,079,852</u>
INCOME (LOSS) FROM OPERATIONS	<u>(582,893)</u>	<u>(212,958)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	28,872	145,449
Tap fees	112,500	597,500
Capital improvement fees	1,031,840	999,528
Connect fees	483,500	-
Infrastructure fees	45,000	99,000
Utility rebates	<u>11,021</u>	<u>15,151</u>
Non-Operating Revenues	<u>1,712,733</u>	<u>1,856,628</u>
NET INCOME BEFORE OPERATING TRANSFERS	1,129,840	1,643,670
Operating transfers in	500,000	500,000
NET INCOME - CHANGE IN NET ASSETS	1,629,840	2,143,670
NET ASSETS - BEGINNING OF YEAR	<u>44,825,829</u>	<u>42,682,159</u>
NET ASSETS - END OF YEAR	<u>\$ 46,455,669</u>	<u>\$ 44,825,829</u>

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS ENTERPRISE FUND

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and others	\$ 3,681,492	\$ 3,832,282
Payments to suppliers	(3,196,584)	(1,724,893)
Payments to employees	(486,289)	(471,350)
Net Cash Provided (Required) by Operating Activities	(1,381)	1,636,039
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	500,000	500,000
Utility rebate	11,021	15,151
Net Cash Provided by Noncapital Financing Activities	511,021	515,151
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Tap fees	112,500	597,500
Infrastructure fees	45,000	99,000
Connect fees	483,500	-
Capital improvement fees	1,031,840	999,528
Prepaid deposits	(75,000)	-
Acquisition of capital assets	(3,018,636)	(2,007,240)
Net Cash Provided (Required) by Capital and Related Financing Activities	(1,420,796)	(311,212)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	28,872	145,449
Net Cash Provided (Required) by Investing Activities	28,872	145,449
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(882,284)	1,985,427
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,600,603	5,615,176
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,718,319	\$ 7,600,603
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES		
Net income (loss) from operations	\$ (582,893)	\$ (212,958)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES		
Depreciation	1,194,180	1,071,013
Changes in Assets and Liabilities:		
Accounts receivable - services	33,243	(34,612)
Accounts receivable - other	19,949	185,944
Prepaid expenses	-	3,500
Accounts payable	(594,205)	353,226
Retainage payable	(39,765)	39,765
Accrued compensated absences	3,922	2,309
Deferred revenue	(35,812)	(35,813)
Other	-	263,665
Net Adjustments	581,512	1,848,997
NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	\$ (1,381)	\$ 1,636,039

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Castle Pines North Metropolitan District (District), located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies consistently applied in the preparation of these financial statements.

Definition of Reporting Entity

The District was established as a quasi-municipal organization under the State of Colorado Special District Act. The District was organized by a court order on June 11, 1984, following an election by the property owners of the District and is governed by an elected five member Board of Directors. The District was established to provide water service, sewer service, and parks and recreation maintenance services for the benefit of the residents and users of the facilities of the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is financially accountable for the Castle Pines North Finance Corporation (Corporation), which is a Colorado non-profit corporation formed in January 2008 for the purpose of financing, constructing, equipping, owning, leasing and operating real and personal property to be leased by the District for water supply, water storage, water treatment and water distribution pursuant to a lease and other agreements with the District. Despite being a separate legal entity, the Corporation is being presented as a blended component unit of the District because the purpose of the Corporation is to provide an exclusive benefit to, and is intertwined with the District.

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and other related costs.

The District reports the following major proprietary funds:

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

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

As a general rule, the effect of interfund activity has been eliminated from the statement of net assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The District has elected not to follow subsequent private-sector guidance.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Subsequent to the end of the year, the District amended its total appropriations in the General Fund from \$8,026,599 to \$17,056,598 and in the Debt Service Fund from \$3,502,608 to \$4,067,608 primarily due to the issuance of the 2009 certificates of participation and the prepayment of debt principal (See Note 4).

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2009, the District incurred no noncash activities.

Assets, Liabilities, and Net Assets

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments as of December 31, 2009 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in the total cash.

Allowance for Doubtful Accounts

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

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Assets.

Property Tax

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Estimates

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

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

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

Compensated Absences

The District allows employees to accumulate unused personal leave time. As of December 31, 2009, the District has accrued personal leave totaling \$52,221. The amount is included as liabilities in the General Fund and the Proprietary Fund.

Long-Term Obligations

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Costs of Issuance, Bond Cost of Refunding and Bond Premiums – Series 2006 Bonds

Bond issue costs, bond premiums and the cost of refunding from the Series 2006 Bonds are being amortized over the respective terms of the bonds using the interest method. At December 31, 2009, the accumulated amortizations of the bond issue costs were \$97,317, the bond premiums were \$72,447 and the costs of refunding were \$863,335.

Costs of Issuance – Certificates of Participation

Bond issue costs from the Series 2008 and Series 2009 Certificates of Participation are being amortized over the respective terms of the certificates using the interest method. At December 31, 2009, the accumulated amortization of the bond issue costs was \$29,528.

Fund Equity

In the fund financial statements, government funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of unreserved fund balances indicate the District's Board of Directors intention for future utilization of such funds and are subject to change by the Board. The District considers all unreserved fund balances to be "reserves" for future operations or capital replacements as defined by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$96,000 of the General Fund balance has been reserved in compliance with this requirement.

The reserved fund balance in the Debt Service Fund in the amount of \$357,145 is reserved for the payment of the bond principal, interest and related costs of the debt service on the bonds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Comparative data may have been reclassified to make it comparable to current year data.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 2: Cash and Investments

As of December 31, 2009, cash and investments are classified in the accompanying financial statements as follows:

Statement of net assets:	<u>2009</u>	<u>2008</u>
Cash and investments	\$ 17,653,485	\$ 14,515,197
Cash and investments – Restricted	<u>533,490</u>	<u>767,230</u>
Total	<u>\$ 18,186,975</u>	<u>\$ 15,282,427</u>

Cash and investments as of December 31, 2009 consist of the following:

	<u>2009</u>	<u>2008</u>
Petty cash	\$ 318	\$ 500
Deposits with financial institutions	6,314,773	1,229,583
Investments - COLOTRUST	1,184,316	13,667,524
Investments – Federated Treasury Obligations Fund	299,926	384,820
Investments – Wells Fargo Advantage Government Service	<u>10,387,642</u>	<u>0</u>
Total	<u>\$ 18,186,975</u>	<u>\$ 15,282,427</u>

Deposits

Custodial Credit Risk

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

As of December 31, 2009, the District’s cash deposits had a bank balance of \$6,319,129 and a carrying balance of \$6,314,773.

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 2: Cash and Investments (continued)

Investments

Credit risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

As of December 31, 2009, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST	Weighted average Under 60 days	\$ 1,184,316
Federated Treasury Obligations Fund	13 months or less	299,926
Wells Fargo Advantage Government Service	Weighted average Under 30 days	<u>10,387,642</u>
Total investments		<u>\$ 11,871,884</u>

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 2: Cash and Investments (continued)

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (COLOTRUST) is rated AAAM by Standard and Poor's. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. Government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. As of December 31, 2009, the District had \$1,184,316 invested in COLOTRUST.

Federated Treasury Obligations Fund

During 2009, the District's funds in the trust accounts at American National Bank (now UMB) were invested in the Federated Treasury Obligations Fund (Federated Fund). This portfolio is a money market fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the U.S. Government, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Fund is rated AAAM by Standard & Poor's. As of December 31, 2009, the District had \$299,926 invested in the Federated Treasury Obligations Fund.

Wells Fargo Advantage Government Money Market Service

During 2009, the Corporation's funds in the trust accounts at Wells Fargo Bank N.A. were invested in the Wells Fargo Advantage Government Money Market Service. This portfolio is a money market fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the U.S. Government, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. This fund is rated AAAM by Standard & Poor's. As of December 31, 2009, the Corporation had \$10,387,642 invested in the fund.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2009 follows:

	<u>Balance</u> 01-01-09	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12-31-09
<u>Governmental Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Land and improvements	\$ 44,211,108	\$ 1,372,308	\$ -	\$ 45,583,416
Water storage rights	8,366,941	-	-	8,366,941
Construction in progress	<u>46,300</u>	<u>9,585,145</u>	<u>46,300</u>	<u>9,585,145</u>
Total capital assets not being depreciated	<u>52,624,349</u>	<u>10,957,453</u>	<u>46,300</u>	<u>63,535,502</u>
<u>Capital assets being depreciated:</u>				
Parking lots	202,710	-	-	202,710
Parks, buildings & equipment	2,509,045	375,718	-	2,884,763
Concrete trails	1,409,563	22,231	-	1,431,794
Asphalt trails	364,055	-	61,991	302,064
Irrigation systems	436,943	-	-	436,943
Office furniture & equipment	<u>19,186</u>	<u>11,880</u>	<u>8,479</u>	<u>22,587</u>
Total capital assets being depreciated	<u>4,941,502</u>	<u>409,829</u>	<u>70,470</u>	<u>5,280,861</u>
<u>Accumulated depreciation:</u>				
Parking lots	(97,970)	(13,514)	-	(111,484)
Parks, buildings & equipment	(704,562)	(193,788)	-	(898,350)
Concrete trails	(317,574)	(48,756)	-	(366,330)
Asphalt trails	(304,904)	(24,573)	(61,991)	(267,486)
Irrigation systems	(196,542)	(14,565)	-	(211,107)
Office furniture & equipment	<u>(13,831)</u>	<u>(3,330)</u>	<u>(8,479)</u>	<u>(8,682)</u>
Total accumulated depreciation	<u>(1,635,383)</u>	<u>(298,526)</u>	<u>(70,470)</u>	<u>(1,863,439)</u>
Net capital assets being depreciated	<u>3,306,119</u>	<u>111,303</u>	<u>-</u>	<u>3,417,422</u>
Governmental assets, net	<u>\$ 55,930,468</u>	<u>\$ 11,068,756</u>	<u>\$ 46,300</u>	<u>\$ 66,952,924</u>

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 3: Capital Assets (continued)

Business - Type Activities:

Capital assets not being depreciated:

Land and rights of way	\$ 103,115	\$ -	\$ -	\$ 103,115
Construction in progress	<u>1,975,839</u>	<u>1,978,822</u>	<u>816,667</u>	<u>3,137,994</u>
Total capital assets not being depreciated	<u>2,078,954</u>	<u>1,978,822</u>	<u>816,667</u>	<u>3,241,109</u>

Capital assets being depreciated:

Buildings and improvements	6,922,807	-	-	6,922,807
Improvements other than buildings	2,182,426	46,490	-	2,228,916
Ground water rights	1,089,617	-	-	1,089,617
Distribution system	6,252,705	-	-	6,252,705
Collection system	1,480,781	-	-	1,480,781
Water tank	2,315,656	-	-	2,315,656
Machinery & equipment	6,735,494	1,809,991	-	8,545,485
Vehicles	35,576	-	-	35,576
Developer contributions	17,226,659	-	-	17,226,659
PCWA Plant capacity	<u>230,246</u>	<u>-</u>	<u>-</u>	<u>230,246</u>
Total capital assets being depreciated	<u>44,471,967</u>	<u>1,856,481</u>	<u>-</u>	<u>46,328,448</u>

Accumulated depreciation:

Buildings and improvements	(1,177,554)	(169,184)	-	(1,346,738)
Improvements other than buildings	(844,258)	(66,424)	-	(910,682)
Ground water rights	(216,585)	(10,896)	-	(227,481)
Distribution system	(798,935)	(100,420)	-	(899,355)
Collection system	(287,927)	(14,808)	-	(302,735)
Water tank	(591,119)	(46,313)	-	(637,432)
Machinery & equipment	(3,088,192)	(595,241)	-	(3,683,433)
Vehicles	(10,673)	(7,115)	-	(17,788)
Developer contributions	(1,428,213)	(172,267)	-	(1,600,480)
PCWA Plant capacity	<u>(110,387)</u>	<u>(11,512)</u>	<u>-</u>	<u>(121,899)</u>
Total accumulated depreciation	<u>(8,553,843)</u>	<u>(1,194,180)</u>	<u>-</u>	<u>(9,748,023)</u>

Net capital assets being depreciated	<u>35,918,124</u>	<u>662,301</u>	<u>-</u>	<u>36,580,425</u>
Business - type assets, net	<u>\$ 37,997,078</u>	<u>\$ 2,641,123</u>	<u>\$ 816,667</u>	<u>\$ 39,821,534</u>

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 3: Capital Assets (continued)

Depreciation expense for the years ending December 31, 2009 (and 2008) was charged to the functions/programs as follows:

	<u>2009</u>	<u>2008</u>
Governmental activities:		
Total depreciation expense	<u>\$ 298,526</u>	<u>\$ 267,333</u>
Business-type activities:		
Water	\$ 918,476	\$ 807,822
Sewer	270,742	258,228
Storm drainage	4,962	4,963
Total depreciation expense	<u>\$ 1,194,180</u>	<u>\$ 1,071,013</u>

Note 4: Long-Term Debt

The following is an analysis of changes in long-term debt for the period ending December 31, 2009:

	<u>Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u>		<u>Current</u>
	<u>01-01-09</u>						<u>12-31-09</u>		<u>Portion</u>
2006A Limited Tax G.O. Fixed									
Rate Refunding Bonds	\$ 11,095,000	\$ -	-	\$ 1,005,000	\$ 10,090,000		\$ 1,045,000		
2006B Limited Tax G.O. Fixed									
Rate Refunding Bonds	5,700,000	-	-	-	5,700,000		-		
2006C Limited Tax G.O. Variable									
Rate Refunding Bonds	6,700,000	-	-	1,900,000	4,800,000		-		
2008 Certificates of Participation	8,585,000	-	-	190,000	8,395,000		200,000		
2009 Certificates of Participation	-	<u>16,075,000</u>	-	-	<u>16,075,000</u>		<u>330,000</u>		
	<u>32,080,000</u>	<u>16,075,000</u>	<u>3,095,000</u>	<u>45,060,000</u>	<u>1,575,000</u>				
2006A Refunding Bond Premium	58,297	-	-	10,564	47,733		9,648		
2006B Refunding Bond Premium	153,722	-	-	8,563	145,159		8,562		
2006A Cost of Refunding	(745,422)	-	-	(135,071)	(610,351)		(123,364)		
2006B Cost of Refunding	(467,224)	-	-	(26,026)	(441,198)		(26,026)		
2006C Cost of Refunding	(861,829)	-	-	(64,935)	(796,894)		(64,934)		
	<u>\$ 30,217,544</u>	<u>\$ 16,075,000</u>	<u>\$ 2,888,095</u>	<u>\$ 43,404,449</u>	<u>\$ 1,378,886</u>				

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 4: Long-Term Debt (continued)

A description of the long-term debt as of December 31, 2009, is as follows:

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

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

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

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

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 4: Long-Term Debt (continued)

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

	Principal	Interest	Total
2010	\$ 1,045,000	\$ 423,625	\$ 1,468,625
2011	1,085,000	381,825	1,466,825
2012	1,130,000	338,425	1,468,425
2013	1,175,000	290,400	1,465,400
2014	1,225,000	240,463	1,465,463
2015 - 2018	4,430,000	421,176	4,851,176
	\$ 10,090,000	\$ 2,095,914	\$ 12,185,914

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

In May 2006, the District issued \$5,700,000 of Limited Tax General Obligation Refunding Bonds, Series 2006B (Series 2006B Bonds). The proceeds were used to refund a portion the District's Limited Tax General Obligation Variable Rate Refunding Bonds, Series 1999 (Series 1999 Bonds), and to pay for the costs of issuance.

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

The District received a premium from the issuance of the Series 2006B Bonds in the amount of \$175,438 and incurred costs of issuance totaling \$66,817. The Series 2006B Bonds and the Series 2006C Bonds exceeded the book value of the refunded bonds by \$1,562,264. These amounts are being amortized over the life of the Series 2006B and Series 2006C Bonds.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 4: Long-Term Debt (continued)

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

	Principal	Interest	Total
2010	\$ -	\$ 284,775	\$ 284,775
2011	-	284,775	284,775
2012	-	284,775	284,775
2013	-	284,775	284,775
2014	-	284,775	284,775
2015 - 2019	-	1,423,875	1,423,875
2020 - 2024	45,000	1,423,875	1,468,875
2025 - 2027	<u>5,655,000</u>	<u>556,000</u>	<u>6,211,000</u>
	<u>\$ 5,700,000</u>	<u>\$ 4,827,625</u>	<u>\$ 10,527,625</u>

\$11,000,000 Limited Tax General Obligation Variable Rate Refunding Bonds – Series 2006C
In May 2006, the District issued \$11,000,000 of Limited Tax General Obligation Variable Rate Refunding Bonds, Series 2006C (Series 2006C Bonds). The proceeds were used to refund a portion the District’s Limited Tax General Obligation Variable Rate Refunding Bonds, Series 1999 (Series 1999 Bonds).

The Series 2006C Bonds, with an initial weekly interest rate of 3.60%, mature beginning in 2018 through 2024. The Series 2006C Bonds may bear interest in Daily, Weekly, Monthly, Semi-Annual, Annual, Flexible Pricing Long-term, Flexible Pricing Short-term, or Fixed Rate Mode, as elected by the District. The bonds currently bear interest in the Weekly Mode.

When the Series 2006C Bonds are in the Daily, Weekly, Monthly, Semi-Annual or Annual Mode, they are subject to optional redemption by the District, in whole, or in part, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest and unpaid interest at the redemption date, if any, without premium. When the Series 2006C Bonds are in the Fixed Mode, they may be redeemed in whole, or in part, on any date, upon expiration of the applicable call protection period (the original length of the current Fixed Rate Period divided by two, and rounded up to the nearest whole year, not exceeding 10 years), at the redemption price which is 100% of the principal. When the Series 2006C Bonds are in Flexible Pricing, they are subject to optional redemption prior to the stated maturity, in whole, or in part, on the final interest payment date for the applicable adjustment period, at a redemption price equal to the principal amount plus accrued interest and unpaid interest at the redemption date, if any, without premium.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 4: Long-Term Debt (continued)

The Series 2006C Bonds are secured by an irrevocable Letter of Credit. The Letter of Credit terminates on May 9, 2016 (with an automatic extension to May 10, 2021 unless notified otherwise).

During 2009, the District made an early redemption in the amount of \$1,900,000. The District's total early redemptions amount to \$6,200,000.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2006C Bonds using an estimated interest rate of 3.60%:

	Principal	Interest	Total
2010	\$ -	\$ 172,800	\$ 172,800
2011	-	172,800	172,800
2012	-	172,800	172,800
2013	-	172,800	172,800
2014	-	172,800	172,800
2015 - 2019	2,525,000	827,460	3,352,460
2020 - 2024	2,275,000	107,280	2,382,280
	\$ 4,800,000	\$ 1,798,740	\$ 6,598,740

Debt Authorization

As of December 31, 2009, the District had no remaining voted debt authorization. The District has not budgeted to issue any additional debt in 2010.

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

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 4: Long-Term Debt (continued)

\$8,585,000 Variable Rate Certificates of Participation – Series 2008 (continued)

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

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

The 2008 Certificates are secured by, and initially payable from, an irrevocable direct letter of credit issued by Wells Fargo Bank N.A., expiring on August 28, 2013, unless terminated earlier. Under certain circumstances, the letter of credit may be replaced with a substitute credit facility.

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 4: Long-Term Debt (continued)

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

	Principal	Interest	Total
2010	\$ 200,000	\$ 279,134	\$ 479,134
2011	210,000	272,484	482,484
2012	220,000	265,501	485,501
2013	230,000	258,186	488,186
2014	240,000	250,539	490,539
2015 - 2019	1,370,000	1,125,845	2,495,845
2020 - 2024	1,705,000	876,970	2,581,970
2025 - 2029	2,135,000	565,750	2,700,750
2030 - 2033	2,085,000	177,223	2,262,223
	\$ 8,395,000	\$ 4,071,632	\$ 12,466,632

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

On May 28, 2009, the Corporation issued \$16,075,000 in Variable Rate Certificates of Participation (2009 Certificates) evidencing proportionate and undivided interests in the right to receive certain revenues payable by the District under the 2008 Lease Agreement (Lease Agreement) dated as of August 1, 2008, as amended on May 1, 2009.

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

The 2009 Certificates are secured by an irrevocable direct letter of credit (2009 Credit Facility) issued by Wells Fargo Bank, N.A., expiring on May 1, 2014 unless terminated earlier. Under certain circumstances, the letter of credit may be replaced with a substitute credit facility. The 2009 Certificates are subject to mandatory redemption upon the termination of the 2009 Credit Facility or the issuance of a substitute credit facility.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 4: Long-Term Debt (continued)

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

Proceeds from the sale of the 2009 Certificates were used to: (i) pay or reimburse the costs of acquiring 70 acres of land and a one-half share in the Platteville Irrigation and Milling Company, and 210 acres of land and 80 shares in the Fulton Irrigating Ditch Company; (ii) pay and reimburse the costs of the acquisition, lease and construction of renewable water projects consisting of water rights, regional water transmission facilities, regional water storage facilities or regional water treatment facilities subject to approval by the 2009 Credit Facility provider; and, (iii) pay the costs related to the issuance of the 2009 Certificates.

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

	Principal	Interest	Total
2010	\$ 330,000	\$ 534,494	\$ 864,494
2011	345,000	523,521	868,521
2012	360,000	512,050	872,050
2013	380,000	500,080	880,080
2014	395,000	487,445	882,445
2015 - 2019	2,300,000	2,226,255	4,526,255
2020 - 2024	2,920,000	1,804,145	4,724,145
2025 - 2029	3,725,000	1,268,155	4,993,155
2030 - 2034	5,320,000	584,369	5,904,369
	\$ 16,075,000	\$ 8,440,514	\$ 24,515,514

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 5: Segment Information

The District's Enterprise fund provides water, sewer and storm drainage services. Segment information for the year ended December 31, 2009 was as follows:

	Water	Sewer	Storm	Total
Operating revenue	\$ 2,211,999	\$ 1,202,987	\$ 249,126	\$ 3,664,315
Depreciation	\$ 918,476	\$ 270,742	\$ 4,962	\$ 1,194,180
Net operating gain (loss)	(\$ 237,076)	(\$ 415,116)	\$ 69,299	(\$ 582,893)
Capital assets	\$33,177,891	\$16,355,226	\$ 36,440	\$49,569,557

Note 6: District Agreements

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

On June 2, 1994, the District entered into an amended service agreement and an agreement regarding mill levies with the Green Valley Water and Sanitation District. The agreements provide for the District to provide water and sewer service for up to 216 single family equivalents to the property known as the Green Valley Subdivision. 216 Valley Group, LP or its successors are required to (i) assess additional tap fees of \$2,000 per single family equivalent through 2002 and \$2,500 thereafter payable to the District, (ii) construct all required water and sewer mains in the property and to the District boundary, and convey such improvements to the District, (iii) impose a service charge for water and sewer at 125% of the charges imposed by the District, and (iv) impose a mill levy ranging from 40.0 to 51.5 mills (adjusted for changes in the method of assessing property compared to market value) and remit such net revenues to the District until the bonds are retired. The District received \$244,389 in 2009 related to this agreement.

Castle Pines North Golf Company

The District entered into an agreement with the Castle Pines North Golf Company (Golf Club) to provide and/or treat effluent for use for irrigation of the Golf Club for twenty years. The Golf Club is entitled to a maximum use of 325 acre feet of water per year, at a rate of 750,000 gallons per day for the first two years from the date of the commencement without any charge. After the second anniversary of the commencement of irrigation, the Golf Club is entitled to 240 acre feet per year provided the daily maximum shall remain the same. The District received certain improvements to its systems as compensation for this agreement. The revenue related to these improvements is recognized equally over the twenty years of the agreement. During 2009, the District recorded \$35,812 of revenue related to the agreement and has \$214,856 remaining to recognize as of December 31, 2009.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 6: District Agreements (continued)

Plum Creek Wastewater Authority

The District, along with Castle Pines Metropolitan District and the Town of Castle Rock, has its wastewater treated by the Plum Creek Wastewater Authority. The District has contributed \$3,496,437 for treatment capacity improvements in previous years. During 2009, the Plum Creek Wastewater Authority charged the District \$744,237 for treatment of the District's wastewater.

Reuter-Hess Reservoir Water Storage Space Intergovernmental Agreement

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

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

Also pursuant to the IGA, Parker Water will establish an outlet structures escrow in the amount of \$7,800,000 for the benefit of the participating entities for the construction of two outlet facilities that enable the Reservoir to operate as designed. Additionally, the IGA requires Parker Water to (i) expand the Reservoir in accordance with applicable permits, and (ii) enlarge the Reservoir's outlet pipe to increase the participating entities individual outlet capacities.

Parker Water's failure to complete the expansion of the Reservoir, including the construction of the outlet structures, within a period of no later than 42 calendar months from the closing date, will constitute a default of the IGA. As of December 31, 2009, payments made by the District to Parker Water totaled \$8,318,153.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 6: District Agreements (continued)

Castle Pines Parks Authority

During 2009, the District Board of Directors approved a transfer of \$1,000,000 to the Castle Pines Parks Authority for the purpose of providing funds for park construction that supports water conservation. The funds were previously being held in a reserve account.

Platteville Water Rights

During 2009, the District entered into a Purchase and Sale Agreement with the Anders Brothers Partnership for the purchase of shares of Platteville Irrigating and Milling Company water rights and related land parcel for \$2,025,000. The sale closed on March 26, 2009.

Fulton Irrigation Ditch Water Rights

During 2009, the District entered into a Purchase and Sale Agreement with the Anders Partnership for the purchase of shares of Fulton Irrigation Ditch water rights and related land parcels for \$2,878,000. The sale closed on March 26, 2009.

Fulton Irrigation Ditch Water Rights

During 2009, the District entered into a Purchase and Sale Agreement with Mile Hi Investments, LLC, for the purchase of 25 water shares of the Fulton Irrigation Ditch Company for \$387,500. The sale closed on October 21, 2009.

Hock Hocking Water Rights

During October 2009, the District entered into a Purchase and Sale Agreement with the Mount Carbon Metropolitan District (Mount Carbon) for the purchase of shares of Hock Hocking Mine water rights for \$7,011,000. The agreement required that \$1,428,000 be paid directly to Mount Carbon, who will then pay Aggregate Industries in connection with Mount Carbon's purchase of 102 water taps. The District will have a security interest in those taps. The remainder of the funds for the purchase were placed in various escrow accounts pending the final closing. The sale closed during March 2010.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 7: Employee Pension and Healthcare Benefit Plans

Defined Benefit Pension Plan

The District contributes to the Municipal Division Trust Fund (MDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The MDTF provides retirement and disability, annual increases, and death benefits for the members and their beneficiaries. All employees of the District are members of the MDTF. Plan members and the District are required to contribute to the MDTF at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51 of the CRS, as amended. The contribution rate for members is 8.0% and for the District it is 11.9% of covered salary. A portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (HCTF).

Postemployment Healthcare Benefits

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

The District's contributions to MDTF and HCTF for the years ending December 31, 2006, 2007, 2008 and 2009 were \$58,315, \$61,313, \$72,578 and \$84,711, respectively, equal to their required contribution for each year.

Defined Contribution Pension Plan

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

The 401(k) Plan is funded by voluntary member contributions up to a maximum limit set by the IRS (\$15,500 in 2007). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. The 401(k) Plan member contributions from the District for the year ended December 31, 2006, 2007, 2008 and 2009 were \$8,085, \$10,490, \$11,967 and \$12,320, respectively.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2009

Note 7: Employee Pension and Healthcare Benefit Plans (continued)

Basis of Accounting for the MDTF and HCTF

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

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 MDTF and the HCTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, CO 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA.

Note 8: Tax Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 8: Tax Spending and Debt Limitations

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

In May 1994, a majority of the District's electors passed ballot issues concerning increased tax revenues, mill levies, debt limits and spending without regard to any limitations under TABOR as related to the debt service mill levy. In November 1996, the voters of the District approved a ballot measure which allows the District to retain and spend all revenues and other funds received from any source including taxes from the District's mill levy of 19 mills for each year thereafter without limitation under TABOR and the 5.5% limitation under 29-1-301 of the CRS, as amended.

Note 9: Risk Management

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

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not need for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 10: Interfund and Operating Transfers

The transfer of \$500,000 from the General Fund to the Enterprise Fund was to transfer funds for the purpose of offsetting the increasing costs of providing the utility services within the Enterprise Fund and to minimize rate increases.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2009

Note 13: Subsequent Events

District Dissolution

On February 5, 2010, the City of Castle Pines North filed an application with the District to require the District to commence the process of dissolution. The District filed a Petition for Dissolution and Request for Continuance on April 5, 2010. The court granted the District a six month continuance on May 19, 2010. The cost to the District of the dissolution process will be significant.

Material Adverse Change

In March 2010, the District received a letter from Wells Fargo Bank N.A. (Bank), the owner of the 2008 and 2009 Credit Facilities associated with the District's Certificates of Participation financing ("COPs" - see Note 4). The letter notified the District that, in the judgment of the Bank, the dissolution of the District would be a "Material Adverse Change" under the COPs' definitions. The Bank believes that the current ability of the District to meet its obligations under the COPs may be materially and adversely affected by the filing of the Application for Dissolution. The ultimate result of the Bank's position is uncertain at this time. In order for the District to make use of recently purchased Hock Hocking water rights (see Note 6), the District will be required to work with the Centennial Water and Sanitation District to construct a \$10 million water main interconnect pipeline. The Bank has frozen any further advances under the District loan agreements, thus forestalling the construction of the interconnect pipeline.

Meadow Island and Lupton Bottom Water Shares

During January 2010, the District entered into an Agreement for Purchase and Sale of Water Shares with Golden Dome Aggregates, LLC (Seller), for the purchase of water shares of the Meadow Island Irrigation Company and the Lupton Bottom Ditch Company for \$3,950,000. Per the agreement, the District made an initial deposit of \$25,000 during 2009 and an initial payment of \$1,175,000 on the closing date of January 27, 2010. The Seller issued a promissory note in the amount of \$2,750,000 to the District which carries an annual interest rate of 6.00%. The District shall make equal payments of \$1,028,802 on the three successive anniversary dates of the closing date. The note is secured with a Deed of Trust and an encumbrance of the water shares.

SUPPLEMENTAL INFORMATION

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009				
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	2008 <u>Actual</u>
REVENUES					
Property taxes	\$ 3,248,349	\$ 3,248,349	\$ 3,309,435	\$ 61,086	\$ 3,267,764
Intergovernmental revenue	244,901	244,901	244,389	(512)	250,536
Investment income	<u>5,000</u>	<u>5,000</u>	<u>9,747</u>	<u>4,747</u>	<u>37,908</u>
Total Revenues	<u>3,498,250</u>	<u>3,498,250</u>	<u>3,563,571</u>	<u>65,321</u>	<u>3,556,208</u>
EXPENDITURES					
Treasurer's fees	58,470	58,470	49,731	8,739	49,858
Bond principal	2,040,000	2,605,000	2,905,000	(300,000)	2,265,000
Bond interest	1,340,713	1,340,713	778,017	562,696	952,147
Other long-term debt expenses	<u>63,425</u>	<u>63,425</u>	<u>56,113</u>	<u>7,312</u>	<u>79,169</u>
Total Expenditures	<u>3,502,608</u>	<u>4,067,608</u>	<u>3,788,861</u>	<u>278,747</u>	<u>3,346,174</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,358)	(569,358)	(225,290)	344,068	210,034
FUND BALANCE - BEGINNING OF YEAR	<u>501,328</u>	<u>582,435</u>	<u>582,435</u>	<u>-</u>	<u>372,401</u>
FUND BALANCE - END OF YEAR	<u>\$ 496,970</u>	<u>\$ 13,077</u>	<u>\$ 357,145</u>	<u>\$ 344,068</u>	<u>\$ 582,435</u>

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009		Variance	2008
	Original & Final Budget	Actual	Favorable (Unfavorable)	
REVENUES				
Water charges	\$ 2,258,500	\$ 2,211,999	\$ (46,501)	\$ 2,443,456
Sewer charges	1,236,100	1,202,987	(33,113)	1,167,923
Storm drainage charges	245,000	249,126	4,126	252,115
Other operating income	-	-	-	3,400
Investment income	71,600	28,872	(42,728)	145,449
Tap fees	-	112,500	112,500	597,500
Capital improvement fees	1,047,869	1,031,840	(16,029)	999,528
Connect fees	624,750	483,500	(141,250)	-
Infrastructure fees	-	45,000	45,000	99,000
Utility rebates	15,000	11,021	(3,979)	15,151
Total Revenues	<u>5,498,819</u>	<u>5,376,845</u>	<u>(121,974)</u>	<u>5,723,522</u>
EXPENDITURES				
Water operations				
General overhead	47,200	30,449	16,751	25,819
Salaries and wages	156,624	148,782	7,842	145,137
Employee benefits and taxes	52,635	48,540	4,095	44,647
Memberships, training and subscriptions	5,000	984	4,016	2,568
Engineering	125,000	96,705	28,295	161,189
Repairs and maintenance	260,000	287,516	(27,516)	201,984
Utilities	853,300	608,751	244,549	724,655
Equipment and supplies	47,700	28,939	18,761	98,286
Treatment costs	4,000	1,532	2,468	2,831
Water rebates	35,000	44,859	(9,859)	-
Other projects	2,973,500	233,542	2,739,958	297,706
Contingency	1,028,000	-	1,028,000	-
Total Water operations	<u>5,587,959</u>	<u>1,530,599</u>	<u>4,057,360</u>	<u>1,704,822</u>
Sewer operations				
General overhead	37,100	26,745	10,355	45,205
Salaries and wages	156,624	148,782	7,842	145,137
Employee benefits and taxes	54,636	48,540	6,096	46,352
Memberships, training and subscriptions	1,500	119	1,381	613
Engineering	30,000	25,620	4,380	31,814
Repairs and maintenance	178,400	185,204	(6,804)	123,271
Utilities	79,200	59,973	19,227	67,720
Equipment and supplies	86,000	5,076	80,924	34,310
Treatment costs	742,099	744,237	(2,138)	647,484
Other projects	-	103,065	(103,065)	-
Contingency	90,000	-	90,000	-
Total Sewer operations	<u>1,455,559</u>	<u>1,347,361</u>	<u>108,198</u>	<u>1,141,906</u>
Storm drainage operations				
General overhead	16,100	9,340	6,760	8,128
Salaries and wages	75,312	70,941	4,371	66,784
Employee benefits and taxes	27,355	24,626	2,729	23,293
Memberships, training and subscriptions	2,000	-	2,000	1,261
Engineering	12,000	4,959	7,041	10,971
Repairs and maintenance	73,800	64,392	9,408	51,674
Utilities	-	-	-	-
Equipment and supplies	1,000	172	828	-
Treatment costs	-	-	-	-
Other projects	-	435	(435)	-
Contingency	122,000	-	122,000	-
Total Storm drainage operations	<u>329,567</u>	<u>174,865</u>	<u>154,702</u>	<u>162,111</u>
Capital outlay	<u>1,706,800</u>	<u>3,018,636</u>	<u>(1,311,836)</u>	<u>2,007,240</u>
Total Expenditures	<u>9,079,885</u>	<u>6,071,461</u>	<u>3,008,424</u>	<u>5,016,079</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,581,066)	(694,616)	2,886,450	707,443
OTHER FINANCING SOURCES				
Transfers in	500,000	500,000	-	500,000
Total Other Financing Sources	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (3,081,066)</u>	<u>\$ (194,616)</u>	<u>\$ 2,886,450</u>	<u>\$ 1,207,443</u>

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

**RECONCILIATION OF REVENUES AND EXPENDITURES
BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUND**

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	<u>2009</u>	<u>2008</u>
Excess of revenues over expenditures	\$ (194,616)	\$ 1,207,443
Add capital expenditures which are not an expense	3,018,636	2,007,240
Deduct depreciation which is an expense	<u>(1,194,180)</u>	<u>(1,071,013)</u>
Changes in Net Assets per Statement of Revenues, Expenses and Changes in Net Assets	<u>\$ 1,629,840</u>	<u>\$ 2,143,670</u>

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

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE

December 31, 2009

UNAUDITED

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

<u>Levy/Collection Year</u>	<u>Assessed Valuation¹</u>	<u>Increase or (Decrease)</u>	<u>Percentage Change</u>
1997/1998	\$ 20,246,940	\$ -	0.00%
1998/1999	24,659,740	4,412,800	21.79%
1999/2000	36,744,570	12,084,830	49.01%
2000/2001	45,004,340	8,259,770	22.48%
2001/2002	68,640,316	23,635,976	52.52%
2002/2003	86,819,810	18,179,494	26.49%
2003/2004	110,893,170	24,073,360	27.73%
2004/2005	114,573,850	3,680,680	3.32%
2005/2006	125,207,050	10,633,200	9.28%
2006/2007	128,057,598	2,850,548	2.28%
2007/2008	136,796,755	8,739,157	6.82%
2008/2009	138,095,490	1,298,735	0.95%
2009/2010	145,738,180	7,642,690	5.53%

¹ Includes New Growth Assessed Valuation

Source: Douglas County Assessor's Office

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

<u>Levy/Collection Year</u>	<u>Total Taxes Levied</u>	<u>Tax Collections¹</u>	<u>Percentage of Tax Collections to Levied²</u>
1997/1998	\$ 1,360,230	\$ 1,296,523	95.32%
1998/1999	1,645,733	1,609,653	97.81%
1999/2000	2,351,652	2,265,559	96.34%
2000/2001	2,880,278	2,846,242	98.82%
2001/2002	3,313,387	3,292,244	99.36%
2002/2003	3,720,539	3,715,679	99.87%
2003/2004	4,665,070	4,647,347	99.62%
2004/2005	4,926,732	4,848,795	98.42%
2005/2006	5,304,433	5,284,384	99.62%
2006/2007	5,465,795	5,477,493	100.21%
2007/2008	5,845,438	5,830,278	99.74%
2008/2009	5,938,106	5,929,404	99.85%

¹ Figures include current and delinquent tax collections, penalties, and (prior to 2009) interest. Treasurer's fees have not been deducted from these amounts.

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

Source: District audited financial statements and the District

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE

December 31, 2009

UNAUDITED

**TABLE IV (Series 2006B) & TABLE III (Series 2006C)
Assessed and "Actual" Valuation of Classes of Property in the District**

Class	Assessed Valuation	Percent of Assessed Valuation	"Actual" Valuation	Percent of "Actual" Valuation
Residential	\$ 121,710,980	83.51%	\$ 1,529,021,239	94.86%
Commercial	16,851,020	11.56%	58,107,034	3.60%
Vacant	3,612,000	2.48%	12,455,303	0.77%
State Assessed	11,950	0.01%	41,192	0.00%
Agricultural	1,250	0.00%	4,415	0.00%
Other Natural Resources	130	0.00%	458	0.00%
Personal Property	<u>3,550,850</u>	<u>2.44%</u>	<u>12,244,229</u>	<u>0.76%</u>
Total	<u>\$ 145,738,180</u>	<u>100.00%</u>	<u>\$ 1,611,873,870</u>	<u>100.00%</u>

Source: Douglas County Assessor's Office

**TABLE XII (Series 2006A)
Estimated Overlapping General Obligation Debt**

Overlapping Entity	Outstanding General Obligation Debt	Percentage Applicable to District	Amount Applicable to District
Douglas County School District RE1	\$ 580,366,279	3.20%	\$ 18,571,721

Source: Douglas County Assessor's Office

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE

December 31, 2009

UNAUDITED

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES					
Property taxes	\$ 2,146,759	\$ 2,335,680	\$ 2,420,288	\$ 2,576,169	\$ 2,619,969
HB 1006 property taxes	42,237	34,274	18,219	10,811	-
Specific ownership taxes	540,215	533,780	546,683	499,231	444,704
Conservation trust fund	35,535	42,199	40,597	42,000	39,760
Lease income	47,244	54,157	59,820	61,830	111,625
Base Rental income	-	-	-	100,000	575,000
Investment income	149,330	257,430	314,361	163,999	29,995
Miscellaneous income	<u>15,601</u>	<u>13,118</u>	<u>44,375</u>	<u>10,039</u>	<u>11,274</u>
Total Revenues	<u>2,976,921</u>	<u>3,270,638</u>	<u>3,444,343</u>	<u>3,464,079</u>	<u>3,832,327</u>
EXPENDITURES					
General government	564,278	648,003	672,448	1,212,537	2,098,823
Public works/parks	273,522	515,118	627,791	750,654	1,829,941
Capital outlay	<u>338,303</u>	<u>699,696</u>	<u>574,410</u>	<u>8,623,025</u>	<u>11,320,982</u>
Total Expenditures	<u>1,176,103</u>	<u>1,862,817</u>	<u>1,874,649</u>	<u>10,586,216</u>	<u>15,249,746</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	1,800,818	1,407,821	1,569,694	(7,122,137)	(11,417,419)
OTHER FINANCING SOURCES (USES)					
Proceeds from 2008 Certificates of Participation	-	-	-	8,585,000	16,075,000
Proceeds from 2009 Certificates of Participation	-	-	-	-	-
Transfer from other funds	-	-	-	-	-
Transfer (to) other funds	<u>(400,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>8,085,000</u>	<u>15,575,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES					
	1,400,818	907,821	1,069,694	962,863	4,157,581
FUND BALANCE - BEGINNING OF YEAR					
	<u>2,806,969</u>	<u>4,207,787</u>	<u>5,115,608</u>	<u>6,185,302</u>	<u>7,148,165</u>
FUND BALANCE - END OF YEAR					
	<u>\$ 4,207,787</u>	<u>\$ 5,115,608</u>	<u>\$ 6,185,302</u>	<u>\$ 7,148,165</u>	<u>\$ 11,305,746</u>

Source: District's 2005 - 2009 Financial Statements

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE

December 31, 2009

UNAUDITED

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES					
Property taxes	\$ 2,709,726	\$ 2,948,703	\$ 3,057,205	\$ 3,254,108	\$ 3,309,435
HB 1006 property taxes	53,352	43,292	23,014	13,656	-
Investment income	151,528	216,476	131,328	37,908	9,747
Tap A	598,000	143,500	-	-	-
Tap B	1,245,000	135,000	-	-	-
Hidden Pointe Taxes	<u>197,912</u>	<u>218,642</u>	<u>225,759</u>	<u>250,536</u>	<u>244,389</u>
Total Revenues	<u>4,955,518</u>	<u>3,705,613</u>	<u>3,437,306</u>	<u>3,556,208</u>	<u>3,563,571</u>
EXPENDITURES					
General government ¹	48,713	49,325	48,587	49,858	49,731
Debt service - principal & interest	2,363,389	21,273,496	4,134,373	3,217,147	3,683,017
Debt service - other related	<u>198,625</u>	<u>685,517</u>	<u>80,275</u>	<u>79,169</u>	<u>56,113</u>
Total Expenditures	<u>2,610,727</u>	<u>22,008,338</u>	<u>4,263,235</u>	<u>3,346,174</u>	<u>3,788,861</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	2,344,791	(18,302,725)	(825,929)	210,034	(225,290)
OTHER FINANCING SOURCES (USES)					
Proceeds from refunding bonds	-	31,010,000	-	-	-
Bond premium (discount)	-	265,339	-	-	-
Escrow payment	<u>-</u>	<u>(18,258,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>13,017,315</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					
	2,344,791	(5,285,410)	(825,929)	210,034	(225,290)
FUND BALANCE - BEGINNING OF YEAR					
	<u>4,138,949</u>	<u>6,483,740</u>	<u>1,198,330</u>	<u>372,401</u>	<u>582,435</u>
FUND BALANCE - END OF YEAR					
	<u>\$ 6,483,740</u>	<u>\$ 1,198,330</u>	<u>\$ 372,401</u>	<u>\$ 582,435</u>	<u>\$ 357,145</u>

¹ Expenditures for General Government represent the county treasurer's fees for property tax collection.
Source: District's 2005 - 2009 Financial Statements

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE

December 31, 2009

UNAUDITED

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

	<u>2010 Budget</u>	Amended <u>2009 Budget</u>	<u>2009 Actual</u>
REVENUES			
Property taxes	\$ 2,713,645	\$ 2,571,610	\$ 2,619,969
HB 1006 property taxes	-	-	-
Specific ownership taxes	450,000	510,000	444,704
Conservation trust fund	41,854	38,000	39,760
Lease income	115,600	58,500	111,625
Base Rental income	1,352,800	575,000	575,000
Investment income	1,534	50,125	29,995
Miscellaneous income	-	8,500	11,274
Proceeds from Certificates of Participator	-	16,075,000	16,075,000
	<hr/>	<hr/>	<hr/>
Total Revenues	4,675,433	19,886,735	19,907,327
EXPENDITURES			
General government	3,422,546	2,668,298	2,098,823
Public works/parks	754,042	2,124,800	1,829,941
Capital outlay	10,723,868	10,992,500	11,320,982
Contingency	100,000	675,000	-
Emergency reserve	98,500	96,000	-
Transfer to Enterprise Fund	500,000	500,000	500,000
	<hr/>	<hr/>	<hr/>
Total Expenditures	15,598,956	17,056,598	15,749,746
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(10,923,523)	2,830,137	4,157,581
FUND BALANCE - BEGINNING OF YEAR:			
	<hr/>	<hr/>	<hr/>
	11,106,779	7,148,165	7,148,165
FUND BALANCE - END OF YEAR:			
	<hr/>	<hr/>	<hr/>
	\$ 183,256	\$ 9,978,302	\$ 11,305,746

Note: General Fund includes Conservation Trust Fund.

Source: District's 2009 audited Financial Statements and the District's 2009 and 2010 Budgets.

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE

December 31, 2009

UNAUDITED

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

	<u>2010 Budget</u>	Amended <u>2009 Budget</u>	<u>2009 Actual</u>
REVENUES			
Property taxes	\$ 3,142,115	\$ 3,248,349	\$ 3,309,435
HB 1006 property taxes	-	-	-
Investment income	1,200	5,000	9,747
Hidden Pointe taxes	<u>232,683</u>	<u>244,901</u>	<u>244,389</u>
Total Revenues	<u>3,375,998</u>	<u>3,498,250</u>	<u>3,563,571</u>
EXPENDITURES			
County treasurer's fees	48,500	58,470	49,731
Bond principal	2,645,000	2,605,000	2,905,000
Bond interest	804,400	1,340,713	778,017
Paying agent fees	5,500	5,500	4,863
Letter of credit fees	35,400	49,050	43,344
Remarketing fees	<u>6,000</u>	<u>8,875</u>	<u>7,906</u>
Total Expenditures	<u>3,544,800</u>	<u>4,067,608</u>	<u>3,788,861</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(168,802)	(569,358)	(225,290)
FUND BALANCE - BEGINNING OF YEAR:	<u>282,232</u>	<u>582,436</u>	<u>582,435</u>
FUND BALANCE - END OF YEAR:	<u>\$ 113,430</u>	<u>\$ 13,078</u>	<u>\$ 357,145</u>

Source: District's 2009 audited Financial Statements and the District's 2009 and 2010 Budgets.