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**CASTLE PINES NORTH  
METROPOLITAN DISTRICT**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**Open Items:**

- Subsequent Events Update
- Legal Letter Update
- Representation Letter
- Report Date

## Contents

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	Page
<b>Independent Auditors' Report</b> .....	1 - 4
<b>Basic Financial Statements</b>	
<b><i>Government-Wide Financial Statements</i></b>	
Statement Of Net Position .....	5
Statement Of Activities .....	6
<b><i>Fund Financial Statements</i></b>	
Balance Sheet - Governmental Funds .....	7
Reconciliation Of The Governmental Funds Balance Sheet With The Government-Wide Statement Of Net Position.....	8
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds .....	9
Reconciliation Of The Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balances With The Government-Wide Statement Of Activities.....	10
Statement Of Net Position - Enterprise Funds .....	11
Statement Of Revenues, Expenses And Changes In Net Position - Enterprise Funds.....	12 - 13
Statement Of Cash Flows - Enterprise Funds .....	14
<b>Notes To Financial Statements</b> .....	15 - 45
<b>Required Supplementary Information</b>	
Schedule Of Revenues, Expenditures And Changes In Fund Balance (Budget And Actual) - General Fund.....	46
Schedule Of The District's Proportionate Share Of The Net Pension Liability - Cost-Sharing Defined Benefit Plan .....	47
Schedule Of The District's Contributions - Cost-Sharing Defined Benefit Plan .....	48

## **Contents**

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	<b>Page</b>
<b>Other Supplementary Information</b>	
Schedule Of Revenues, Expenditures And Changes In Fund Balance (Budget And Actual) - 2015 COPs Fund.....	49
Schedule Of Revenues, Expenditures And Changes In Net Position (Budget And Actual) - Enterprise Funds .....	50 - 51

DRAFT FOR DISCUSSION PURPOSES ONLY

## **Independent Auditors' Report**

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

### **Report On The Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Castle Pines North Metropolitan District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis For Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities Of Management For The Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities For The Audit Of The Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### ***Report On Summarized Comparative Information***

We have previously audited the District's 2020 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated July 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent in all material respects, with the audited financial statements from which it has been derived.

### ***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund on page 46, the schedule of the District's proportionate share of the net pension liability - cost-sharing defined benefit plans on page 47 and the schedule of the District's contributions - cost-sharing defined benefit plans on page 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial schedules on pages 49 through 51 are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedules are fairly stated in all material respects in relation to the financial statements as a whole.

[DATE]

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## STATEMENT OF NET POSITION

December 31, 2021

(With Comparative Totals For December 31, 2020)

	Governmental Activities	Business-Type Activities	2021 Total	2020 Total
<b>Assets</b>				
Cash and cash equivalents	\$ 7,159,310	\$ 45,970,489	\$ 53,129,799	\$ 51,181,044
Cash and cash equivalents - restricted	363,625	—	363,625	925,545
Property taxes receivable	3,324,308	—	3,324,308	3,667,341
Accounts receivable - services	—	741,006	741,006	786,653
Accounts receivable - other	—	10,599	10,599	32,399
Prepaid items	46,751	47,842	94,593	103,988
Capital assets, not being depreciated	63,914,720	6,677,221	70,591,941	72,676,058
Capital assets, net of accumulated depreciation	1,697,189	55,326,917	57,024,106	53,289,743
<b>Total Assets</b>	<b>76,505,903</b>	<b>108,774,074</b>	<b>185,279,977</b>	<b>182,662,771</b>
<b>Deferred Outflows Of Resources</b>				
Deferred loss on refunding	115,338	—	115,338	124,026
Deferred outflows relating to pensions	121,061	86,722	207,783	139,263
<b>Total Deferred Outflows Of Resources</b>	<b>236,399</b>	<b>86,722</b>	<b>323,121</b>	<b>263,289</b>
<b>Liabilities</b>				
Accounts payable	110,851	948,382	1,059,233	393,724
Accrued compensated absences	33,451	10,161	43,612	55,805
Accrued expenses	—	9,997	9,997	62,291
Unearned revenue	—	806	806	806
Accrued interest payable on long-term debt	61,946	—	61,946	63,317
Long-term debt payable - less than one year	516,283	240,000	756,283	855,237
Long-term debt payable - greater than one year	18,713,200	3,195,000	21,908,200	29,231,002
Net pension liability	273,236	195,734	468,970	694,708
<b>Total Liabilities</b>	<b>19,708,967</b>	<b>4,600,080</b>	<b>24,309,047</b>	<b>31,356,890</b>
<b>Deferred Inflows Of Resources</b>				
Deferred property taxes	3,324,308	—	3,324,308	3,667,341
Deferred inflows of resources relating to pensions	325,263	233,006	558,269	404,996
<b>Total Deferred Inflows Of Resources</b>	<b>3,649,571</b>	<b>233,006</b>	<b>3,882,577</b>	<b>4,072,337</b>
<b>Net Position</b>				
Net investment in capital assets	46,497,764	58,569,138	105,066,902	96,003,588
Restricted for:				
Emergency reserve	130,000	—	130,000	130,000
Debt service	—	—	—	646,293
Conservation Trust Fund	363,625	—	363,625	307,121
Unrestricted	6,392,375	45,458,572	51,850,947	50,409,831
<b>Total Net Position</b>	<b>\$ 53,383,764</b>	<b>\$ 104,027,710</b>	<b>\$ 157,411,474</b>	<b>\$ 147,496,833</b>



**CASTLE PINES NORTH METROPOLITAN DISTRICT**

**STATEMENT OF ACTIVITIES**

**For The Year Ended December 31, 2021**

**(With Comparative Totals For The Year Ended December 31, 2020)**

Functions/Programs	Total Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position		2021 Total	2020 Total
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities		
<b>Governmental Activities</b>								
General government	\$ 1,252,549	\$ 147,810	\$ —	\$ —	\$ (1,104,739)	\$ —	\$ (1,104,739)	\$ (801,215)
Parks and open space	960,818	—	56,349	—	(904,469)	—	(904,469)	(1,115,940)
Interest and related costs on long-term debt	737,646	—	—	—	(737,646)	—	(737,646)	(759,233)
<b>Total Governmental Activities</b>	<b>2,951,013</b>	<b>147,810</b>	<b>56,349</b>	<b>—</b>	<b>(2,746,854)</b>	<b>—</b>	<b>(2,746,854)</b>	<b>(2,676,388)</b>
<b>Business-Type Activities</b>								
Water	6,477,064	11,796,326	—	1,660,836	—	6,980,098	6,980,098	8,936,531
Wastewater	2,008,123	3,335,332	—	—	—	1,327,209	1,327,209	679,968
Storm drainage	27,921	253,599	—	—	—	225,678	225,678	176,625
<b>Total Business-Type Activities</b>	<b>8,513,108</b>	<b>15,385,257</b>	<b>—</b>	<b>1,660,836</b>	<b>—</b>	<b>8,532,985</b>	<b>8,532,985</b>	<b>9,793,124</b>
<b>Total</b>	<b>\$ 11,464,121</b>	<b>\$ 15,533,067</b>	<b>\$ 56,349</b>	<b>\$ 1,660,836</b>	<b>(2,746,854)</b>	<b>8,532,985</b>	<b>5,786,131</b>	<b>7,116,736</b>
<b>General Revenues</b>								
Taxes:								
Property taxes					3,665,464	—	3,665,464	3,561,943
Specific ownership taxes					353,672	—	353,672	309,426
Miscellaneous income					40,338	41,553	81,891	166,882
Earnings on investments					6,684	20,799	27,483	256,319
<b>Total General Revenues</b>					<b>4,066,158</b>	<b>62,352</b>	<b>4,128,510</b>	<b>4,294,570</b>
<b>Changes In Net Position</b>					<b>1,319,304</b>	<b>8,595,337</b>	<b>9,914,641</b>	<b>11,411,306</b>
<b>Net Position At Beginning Of Year</b>					<b>52,064,460</b>	<b>95,432,373</b>	<b>147,496,833</b>	<b>136,085,527</b>
<b>Net Position At End Of Year</b>					<b>\$ 53,383,764</b>	<b>\$ 104,027,710</b>	<b>\$ 157,411,474</b>	<b>\$ 147,496,833</b>

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021

(With Comparative Totals For December 31, 2020)

	General	2015 COPs	2021 Total	2020 Total
<b>Assets</b>				
Cash and cash equivalents	\$ 7,159,310	\$ —	\$ 7,159,310	\$ 5,979,541
Cash and cash equivalents - restricted	363,625	—	363,625	925,545
Property taxes receivable	3,324,308	—	3,324,308	3,667,341
Other receivables	—	—	—	21,800
Prepaid items	46,751	—	46,751	54,380
<b>Total Assets</b>	<b>\$ 10,893,994</b>	<b>\$ —</b>	<b>\$ 10,893,994</b>	<b>\$ 10,648,607</b>
<b>Liabilities</b>				
Accounts payable	\$ 110,851	\$ —	\$ 110,851	\$ 40,177
<b>Deferred Inflows Of Resources</b>				
Deferred property taxes	3,324,308	—	3,324,308	3,667,341
<b>Fund Balances</b>				
Nonspendable:				
Prepaid items	46,751	—	46,751	54,380
Restricted for:				
Emergency reserve	130,000	—	130,000	130,000
Debt service	—	—	—	618,424
Conservation Trust Fund	363,625	—	363,625	307,121
Unassigned	6,918,459	—	6,918,459	5,831,164
<b>Total Fund Balance</b>	<b>7,458,835</b>	<b>—</b>	<b>7,458,835</b>	<b>6,941,089</b>
<b>Total Liabilities, Deferred Inflows Of Resources And Fund Balances</b>	<b>\$ 10,893,994</b>	<b>\$ —</b>	<b>\$ 10,893,994</b>	<b>\$ 10,648,607</b>

**CASTLE PINES NORTH METROPOLITAN DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**December 31, 2021**  
**(With Comparative Totals For December 31, 2020)**

	<b>2021</b>	<b>2020</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance - governmental funds	\$ 7,458,835	\$ 6,941,089
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.		
Capital assets	\$ 69,955,372	
Accumulated depreciation	(4,343,463)	65,611,909
		65,319,184
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund financial statements.		
Bond premium, net of amortization	(424,483)	
COPs payable	(18,805,000)	
Deferred loss on refunding, net of amortization	115,338	
Accrued compensated absences	(33,451)	
Accrued interest payable - long-term debt	(61,946)	(19,209,542)
		(19,696,404)
Net pension liability and related deferred inflows and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements.		
Net pension liability	(273,236)	
Deferred outflows of resources relating to pensions	121,061	
Deferred inflows of resources relating to pensions	(325,263)	(477,438)
		(499,409)
<b>Total Net Position - Governmental Activities</b>	<b>\$ 53,383,764</b>	<b>\$ 52,064,460</b>

**CASTLE PINES NORTH METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2021**  
**(With Comparative Totals For The Year Ended December 31, 2020)**

	<b>General</b>	<b>2015 COPs</b>	<b>2021 Total</b>	<b>2020 Total</b>
<b>Revenues</b>				
Property taxes	\$ 3,665,464	\$ —	\$ 3,665,464	\$ 3,561,943
Specific ownership taxes	353,672	—	353,672	309,426
Conservation Trust Fund	56,349	—	56,349	46,906
Farm land revenue	35,472	—	35,472	40,000
Lease income	79,137	—	79,137	76,260
Oil royalty income	33,201	—	33,201	254,449
Earnings on investments	6,630	54	6,684	35,386
Miscellaneous income	40,338	—	40,338	25,365
<b>Total Revenues</b>	<b>4,270,263</b>	<b>54</b>	<b>4,270,317</b>	<b>4,349,735</b>
<b>Expenditures</b>				
Current:				
General government	1,110,521	—	1,110,521	1,093,561
Parks and open space	960,818	—	960,818	1,162,846
Capital outlay	448,928	—	448,928	160,000
Debt service:				
Principal	—	470,000	470,000	445,000
Interest and fees	—	762,304	762,304	785,056
<b>Total Expenditures</b>	<b>2,520,267</b>	<b>1,232,304</b>	<b>3,752,571</b>	<b>3,646,463</b>
<b>Excess (Deficiency) Of Revenues</b>				
<b>Over Expenditures</b>	<b>1,749,996</b>	<b>(1,232,250)</b>	<b>517,746</b>	<b>703,272</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out/in, base rental	(613,826)	613,826	—	—
<b>Total Other Financing</b>				
<b>Sources (Uses)</b>	<b>(613,826)</b>	<b>613,826</b>	<b>—</b>	<b>—</b>
<b>Net Change In Fund Balances</b>	<b>1,136,170</b>	<b>(618,424)</b>	<b>517,746</b>	<b>703,272</b>
<b>Fund Balance At Beginning Of Year</b>	<b>6,322,665</b>	<b>618,424</b>	<b>6,941,089</b>	<b>6,237,817</b>
<b>Fund Balance At End Of Year</b>	<b>\$ 7,458,835</b>	<b>\$ —</b>	<b>\$ 7,458,835</b>	<b>\$ 6,941,089</b>

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES WITH THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

**For The Year Ended December 31, 2021**

**(With Comparative Totals For The Year Ended December 31, 2020)**

		<u>2021</u>	<u>2020</u>
Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - governmental funds		\$ 517,746	\$ 703,272
Capital outlay to purchase or build capital assets is reported in governmental funds as expenditures. However, for governmental activities, these costs are capitalized on the statement of net position and depreciated over their estimated useful lives as annual depreciation expense in the statement of activities.			
Capital outlay	\$ 415,467		
Depreciation expense	<u>(122,742)</u>	292,725	45,883
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Change in accrued interest payable	1,371		
Change in compensated absences	(7,796)		
Amortization of loss on refunding	(8,688)		
Amortization of bond premium	<u>31,975</u>	16,862	29,540
Repayment of bond and COP principal are expenditures in the governmental funds but are shown as reductions in long-term liabilities in the statement of net position and do not affect the statement of activities.		470,000	445,000
Pension income relating to the District's defined benefit retirement plan is recognized on the statement of activities and, therefore, not included in the fund financial statements.		21,971	32,037
<b>Change In Net Position Of Governmental Activities</b>		<u>\$ 1,319,304</u>	<u>\$ 1,255,732</u>

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## STATEMENT OF NET POSITION - ENTERPRISE FUNDS

December 31, 2021

(With Comparative Totals For December 31, 2020)

	Water	Wastewater	Storm Drainage	2021 Total	2020 Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 40,837,534	\$ 4,006,964	\$ 1,125,991	\$ 45,970,489	\$ 45,201,503
Accounts receivable - services	506,497	208,728	25,781	741,006	786,653
Accounts receivable - other	—	10,599	—	10,599	10,599
Prepaid expenses	23,921	19,137	4,784	47,842	49,608
<b>Total Current Assets</b>	<b>41,367,952</b>	<b>4,245,428</b>	<b>1,156,556</b>	<b>46,769,936</b>	<b>46,048,363</b>
<b>Capital Assets</b>					
Property, plant and equipment	69,075,638	17,054,314	36,440	86,166,392	83,708,485
Accumulated depreciation	(20,596,755)	(3,534,584)	(30,915)	(24,162,254)	(23,061,868)
<b>Total Capital Assets</b>	<b>48,478,883</b>	<b>13,519,730</b>	<b>5,525</b>	<b>62,004,138</b>	<b>60,646,617</b>
<b>Total Assets</b>	<b>89,846,835</b>	<b>17,765,158</b>	<b>1,162,081</b>	<b>108,774,074</b>	<b>106,694,980</b>
<b>Deferred Outflows Of Resources</b>					
Deferred outflows of resources relating to pensions	42,398	39,301	5,023	86,722	66,849
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	717,270	228,049	3,063	948,382	353,547
Accrued expenses	—	9,997	—	9,997	62,291
Unearned revenue	806	—	—	806	806
Long-term debt payable - less than one year	—	240,000	—	240,000	353,262
Accrued compensated absences	4,479	4,070	1,612	10,161	30,150
<b>Total Current Liabilities</b>	<b>722,555</b>	<b>482,116</b>	<b>4,675</b>	<b>1,209,346</b>	<b>800,056</b>
<b>Long-Term Liabilities</b>					
Net pension liability	95,693	88,702	11,339	195,734	333,474
Long-term debt payable - greater than one year	—	3,195,000	—	3,195,000	10,001,519
<b>Total Long-Term Liabilities</b>	<b>95,693</b>	<b>3,283,702</b>	<b>11,339</b>	<b>3,390,734</b>	<b>10,334,993</b>
<b>Total Liabilities</b>	<b>818,248</b>	<b>3,765,818</b>	<b>16,014</b>	<b>4,600,080</b>	<b>11,135,049</b>
<b>Deferred Inflows Of Resources</b>					
Deferred inflows of resources relating to pensions	113,915	105,592	13,499	233,006	194,407
<b>Net Position</b>					
Net investment in capital assets	48,478,883	10,084,730	5,525	58,569,138	50,291,836
Restricted for:					
Debt service	—	—	—	—	27,869
Unrestricted	40,478,187	3,848,319	1,132,066	45,458,572	45,112,668
<b>Total Net Position</b>	<b>\$ 88,957,070</b>	<b>\$ 13,933,049</b>	<b>\$ 1,137,591</b>	<b>\$ 104,027,710</b>	<b>\$ 95,432,373</b>

# CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For The Year Ended December 31, 2021

(With Comparative Totals For The Year Ended December 31, 2020)

Page 1 Of 2

		Water	Wastewater	Storm Drainage	2021 Total	2020 Total
<b>Operating Revenues</b>						
Water charges	\$	8,579,329	\$ —	\$ —	\$ 8,579,329	\$ 8,616,792
Wastewater charges		—	3,335,332	—	3,335,332	3,075,486
Storm drainage charges		—	—	253,599	253,599	243,527
<b>Total Operating Revenues</b>		<b>8,579,329</b>	<b>3,335,332</b>	<b>253,599</b>	<b>12,168,260</b>	<b>11,935,805</b>
<b>Operating Expenses</b>						
<b>Water Operations</b>						
General overhead		384,302	—	—	384,302	680,020
Salaries and wages		119,203	—	—	119,203	163,035
Employee benefits and taxes		12,879	—	—	12,879	24,270
Memberships, training and subscriptions		4,919	—	—	4,919	7,049
Engineering		124,737	—	—	124,737	131,049
Repairs and maintenance		2,625,741	—	—	2,625,741	1,545,145
Utilities		883,057	—	—	883,057	813,930
Equipment and supplies		114,007	—	—	114,007	63,582
Treatment costs		9,978	—	—	9,978	7,706
Water rebates		—	—	—	—	—
Other projects		35,263	—	—	35,263	3,780
<b>Total Water Operations</b>		<b>4,314,086</b>	<b>—</b>	<b>—</b>	<b>4,314,086</b>	<b>3,439,566</b>
<b>Wastewater Operations</b>						
General overhead		—	229,171	—	229,171	203,465
Salaries and wages		—	111,472	—	111,472	162,273
Employee benefits, taxes and pension credit		—	(1,328)	—	(1,328)	32,369
Memberships, training and subscriptions		—	1,170	—	1,170	1,260
Engineering		—	326,685	—	326,685	290,843
Repairs and maintenance		—	250,320	—	250,320	655,008
Utilities		—	84,235	—	84,235	79,348
Equipment and supplies		—	5,645	—	5,645	11,763
Treatment costs		—	709,707	—	709,707	680,487
<b>Total Wastewater Operations</b>		<b>—</b>	<b>1,717,077</b>	<b>—</b>	<b>1,717,077</b>	<b>2,116,816</b>
<b>Storm Drainage Operations</b>						
General overhead		—	—	23,610	23,610	22,494
Salaries, wages and pension credit		—	—	(3,485)	(3,485)	28,931
Employee benefits and taxes		—	—	5,595	5,595	6,557
Engineering		—	—	—	—	7,000
Equipment and supplies		—	—	1,619	1,619	1,338
<b>Total Storm Drainage Operations</b>		<b>—</b>	<b>—</b>	<b>27,339</b>	<b>27,339</b>	<b>66,320</b>
<b>Total Operating Expenses</b>		<b>4,314,086</b>	<b>1,717,077</b>	<b>27,339</b>	<b>6,058,502</b>	<b>5,622,702</b>
<b>Operating Income Before Depreciation</b>		<b>4,265,243</b>	<b>1,618,255</b>	<b>226,260</b>	<b>6,109,758</b>	<b>6,313,103</b>
<b>Depreciation</b>		<b>938,714</b>	<b>161,090</b>	<b>582</b>	<b>1,100,386</b>	<b>936,142</b>

# CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For The Year Ended December 31, 2021

(With Comparative Totals For The Year Ended December 31, 2020)

Page 2 Of 2

	Water	Wastewater	Storm Drainage	2021 Total	2020 Total
<b>Operating Income</b>	\$ 3,326,529	\$ 1,457,165	\$ 225,678	\$ 5,009,372	\$ 5,376,961
<b>Nonoperating Revenues (Expenses)</b>					
Earnings on investments	18,907	1,470	422	20,799	220,933
Interest expense	(203,482)	(112,747)	—	(316,229)	(283,625)
Reimbursable income	24,728	—	—	24,728	55,716
Miscellaneous revenue	14,960	1,865	—	16,825	85,801
Renewable water investment	3,216,997	—	—	3,216,997	3,107,481
Loss on abandonment of assets	(1,020,782)	(17,209)	—	(1,037,991)	—
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,051,328</b>	<b>(126,621)</b>	<b>422</b>	<b>1,925,129</b>	<b>3,186,306</b>
<b>Income Before Capital Contributions</b>	<b>5,377,857</b>	<b>1,330,544</b>	<b>226,100</b>	<b>6,934,501</b>	<b>8,563,267</b>
Capital improvement charges	1,660,836	—	—	1,660,836	1,592,307
<b>Change In Net Position</b>	<b>7,038,693</b>	<b>1,330,544</b>	<b>226,100</b>	<b>8,595,337</b>	<b>10,155,574</b>
<b>Net Position At Beginning Of Year</b>	<b>81,918,377</b>	<b>12,602,505</b>	<b>911,491</b>	<b>95,432,373</b>	<b>85,276,799</b>
<b>Net Position At End Of Year</b>	<b>\$ 88,957,070</b>	<b>\$ 13,933,049</b>	<b>\$ 1,137,591</b>	<b>\$ 104,027,710</b>	<b>\$ 95,432,373</b>



**CASTLE PINES NORTH METROPOLITAN DISTRICT**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
**For The Year Ended December 31, 2021**  
**(With Comparative Totals For The Year Ended December 31, 2020)**

	Water	Wastewater	Storm Drainage	2021 Total	2020 Total
<b>Cash Flows From Operating Activities</b>					
Receipts from customers and others	\$ 8,615,095	\$ 3,343,204	\$ 255,608	\$ 12,213,907	\$ 11,813,341
Payments to suppliers	(3,599,771)	(1,645,975)	(24,113)	(5,269,859)	(5,019,150)
Payments to employees	(185,892)	(175,284)	(22,163)	(383,339)	(497,908)
<b>Net Cash Flows Provided By Operating Activities</b>	<b>4,829,432</b>	<b>1,521,945</b>	<b>209,332</b>	<b>6,560,709</b>	<b>6,296,283</b>
<b>Cash Flows From Noncapital Financing Activities</b>					
Miscellaneous revenue	39,688	1,865	—	41,553	141,517
Renewable water investment	3,216,997	—	—	3,216,997	3,107,481
<b>Net Cash Flows Provided By Noncapital Financing Activities</b>	<b>3,256,685</b>	<b>1,865</b>	<b>—</b>	<b>3,258,550</b>	<b>3,248,998</b>
<b>Cash Flows From Capital And Related Financing Activities</b>					
Capital contributions	1,660,836	—	—	1,660,836	1,592,307
Principal proceeds on loans	92,918	—	—	92,918	726,690
Principal payments on loans	(6,777,699)	(235,000)	—	(7,012,699)	(392,237)
Interest paid on loans	(203,482)	(112,747)	—	(316,229)	(283,625)
Acquisition of capital assets	(3,018,474)	(477,424)	—	(3,495,898)	(1,603,947)
<b>Net Cash Flows Provided By (Used In) Capital And Related Financing Activities</b>	<b>(8,245,901)</b>	<b>(825,171)</b>	<b>—</b>	<b>(9,071,072)</b>	<b>39,188</b>
<b>Cash Flows Provided By Investing Activities</b>					
Earnings on investments	18,907	1,470	422	20,799	220,933
<b>Net Increase (Decrease) In Cash And Cash Equivalent:</b>	<b>(140,877)</b>	<b>700,109</b>	<b>209,754</b>	<b>768,986</b>	<b>9,805,402</b>
<b>Cash And Cash Equivalents, Beginning Of Year</b>	<b>40,978,411</b>	<b>3,306,855</b>	<b>916,237</b>	<b>45,201,503</b>	<b>35,396,101</b>
<b>Cash And Cash Equivalents, End Of Year</b>	<b>\$ 40,837,534</b>	<b>\$ 4,006,964</b>	<b>\$ 1,125,991</b>	<b>\$ 45,970,489</b>	<b>\$ 45,201,503</b>
<b>Reconciliation Of Operating Income To Net Cash Flows From Operating Activities</b>					
Operating income	\$ 3,326,529	\$ 1,457,165	\$ 225,678	\$ 5,009,372	\$ 5,376,961
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	938,714	161,090	582	1,100,386	936,142
Changes in operating assets and liabilities:					
Accounts receivable	35,766	7,872	2,009	45,647	(122,464)
Prepaid items	883	706	177	1,766	5,260
Accounts payable	633,644	(39,748)	939	594,835	243,575
Accrued expenses	(52,294)	—	—	(52,294)	(62,718)
Accrued compensated absences	(7,864)	(8,095)	(4,030)	(19,989)	1,179
Net pension liability and related deferred inflows/outflows of resources	(45,946)	(57,045)	(16,023)	(119,014)	(81,652)
<b>Net Cash Flows Provided By Operating Activities</b>	<b>\$ 4,829,432</b>	<b>\$ 1,521,945</b>	<b>\$ 209,332</b>	<b>\$ 6,560,709</b>	<b>\$ 6,296,283</b>

# CASTLE PINES NORTH METROPOLITAN DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

### 1. Summary Of Significant Accounting Policies

#### Form Of Organization

Castle Pines North Metropolitan District (the District) is a quasi-municipal corporation and political subdivision of the State of Colorado under the Special District Act (Title 32, Article 1, Colorado Revised Statutes (CRS)). The District was organized by a court order on June 11, 1984 and is governed by an elected five-member Board of Directors (the Board). The District was established to provide water service, wastewater service, storm drainage service and parks and open space services for the benefit of the property owners, residents and users of the facilities of the District. The District has several agreements with various entities to provide additional water resources for the community.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

#### Reporting Entity

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: the Board is the publicly elected governing body; it is a legally separate entity and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- Appointment of a voting majority of the component unit's governing board, and either a) it has the ability to impose its will by the primary government or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government or

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

- Fiscal dependency on the primary government and the potential for the organization to provide specific benefits to, or impose specific financial burdens, on the primary government, regardless of whether the organization has (1) a separately elected governing board or (2) a governing board appointed by a higher level of government, or
- A jointly appointed board

Based on the application of these criteria, there are no component units included in the District's reporting entity.

#### **Government-Wide And Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct 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 those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the District's fleet service function and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate fund 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.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Measurement Focus, Basis Of Accounting And Financial Statement Presentation**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, certain deferred outflows of resources, liabilities and certain deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances presents increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby 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. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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. This is a major fund of the District.

**2015 COPs Fund** - The 2015 COPs Fund is a debt service fund used to account for the base rental revenue and expenditures relating to the Refunding Certificates of Participation (COPs), Series 2015.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied and become an enforceable lien on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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 principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services provided. Operating expenses for the proprietary fund include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the primary intent is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District reports the following major enterprise funds:

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

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

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

### **Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not in sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

### **Budgets**

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

- By October 15, the District Manager submits to the Board a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A duly noticed public hearing is conducted to obtain taxpayer comments.

## **CASTLE PINES NORTH METROPOLITAN DISTRICT**

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### Notes To Financial Statements (*Continued*)

- Prior to December 15, the budget is formally adopted, monies are appropriated by fund and a mill levy is certified through passage of a Board resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board through passage of a budget amendment after a duly noticed public hearing.
- The District appropriates revenues and expenditures by fund as part of the budget approval process. Budgets for the governmental funds are adopted on a basis consistent with GAAP. Budgetary comparisons presented for the enterprise funds are presented on a non-GAAP budgetary basis.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

#### **Cash And Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, U.S. Treasury notes and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months.

The District follows the practice of pooling cash and investments from all funds to maximize earnings on investments. 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. Earnings on investments are allocated periodically to the participating funds based upon each funds' average equity balance in the total cash and investments.

#### **Restricted Cash**

The amounts restricted in the governmental activities represent funds that have been restricted for the Conservation Trust Fund and debt service.

#### **Receivables**

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Tap fees, user fees and similar fees set by the Board constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Property Taxes**

Property taxes are certified by the Board. The levy is based on assessed valuations determined by the Douglas County Assessor generally as of January 1 of each year. The levy is certified by December 15 to the County Commissioners and attach as an enforceable lien on property on January 1 of the following year. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. 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's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources are recognized as revenue, and the receivable is reduced.

#### **Capital Assets**

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation is reported on the statement of activities as a current expense.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Distribution system	50 - 100 years
Collection system	50 - 100 years
Buildings	25 - 60 years
Trails	12 - 30 years
Machinery and equipment	5 - 25 years
Parking lots	15 years
Irrigation systems	30 years
Office furniture and equipment	5 years



## **CASTLE PINES NORTH METROPOLITAN DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Contributions Of Capital**

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

#### **Interfund Transactions**

Activity between funds that represent outstanding balances between funds are reported as “due to/from other funds.” The outstanding balances between the funds result mainly from the time lag between the dates that (1) the interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

#### **Compensated Absences**

Personal leave benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. The District permits employees to accumulate earned but unused personal leave time. Accumulated, unpaid personal leave time is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### **Long-Term Obligations**

In the government-wide financial statements and 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 statement of net position.

#### **Bond Premiums, Discounts And Issuance Costs**

In the governmental fund statements, bond premiums, discounts and issuance costs are recognized as current-period revenues and/or expenditures. Bond premiums and discounts in the government-wide and proprietary fund statements are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method. Issuance costs are expensed as incurred, while bond premiums and discounts are netted against the related debt.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Deferred Outflows/Inflows Of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The deferred loss on refunding is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also recognizes deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred property taxes are recognized as revenue in the period that the amounts become available. The District also recognizes deferred inflows of resources related to pensions.

#### **Fund Balance And Net Position**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. In the government-wide financial statements, net position is classified in the following categories:

***Net Investment In Capital Assets*** - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

***Restricted Net Position*** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted Net Position*** - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

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

***Restricted*** - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors or the laws or regulations of other governments

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

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

***Unassigned*** - all other spendable amounts. Only the General Fund reports a positive unassigned fund balance. In other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to other purposes, the funds would report a negative unassigned fund balance; however, any amount reported as assigned fund balance would have to be eliminated before a negative unassigned fund balance could be reported.

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

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes To Financial Statements (Continued)

#### Pensions

The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments at PERA are reported at fair value.

#### Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

## 2. Cash, Cash Equivalents And Investments

A summary of cash, cash equivalents and investments as of December 31, 2021, follows:

	S&P Rating	Fair Value	Weighted Ave. Maturity Date (In Days)	Concentration Of Credit Risk
Cash on hand	NR	\$ 31	N/A	N/A
Cash with county treasurer	NR	24,747	N/A	N/A
U.S. Treasury notes	AAAm	616,582	14	1.35%
Deposits with financial institutions	NR	7,951,570	N/A	N/A
Colorado Government Liquid Asset Trust (COLOTRUST)	AAAm	44,900,494	N/A	98.65%
		<u>\$ 53,493,424</u>		

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

The above amounts are classified in the statement of net position as follows:

Cash and cash equivalents:	
Governmental activities	\$ 7,159,310
Business-type activities	45,970,489
Restricted cash and cash equivalents:	
Governmental activities	<u>363,625</u>
	<u>\$ 53,493,424</u>

### **Custodial Credit Risk - Deposits**

CRS governs the entity's deposits of cash. For deposits in excess of federally insured limits, CRS requires the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2021, the District had deposits with financial institutions with a carrying amount of \$7,951,570. The bank balances with the financial institutions were \$8,750,750, of which \$480,895 was covered by federal depository insurance. The remaining balance of \$8,269,855 was collateralized with securities held by the financial institutions' agents but not in the District's name.

### **Investments**

The District has a formal investment policy which follows CRS, which specifies investment instruments meeting defined rating and risk criteria in which the District may invest.

These investments include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

#### **Fair Value**

The District categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has a recurring fair value measurement for U.S. Treasury securities of \$616,582, which is measured using Level 2 inputs and is reported as cash equivalents.

#### **Local Government Investment Pools**

At December 31, 2021, the District had invested \$44,900,494 in COLOTRUST, a local government investment pool. This balance is included in cash equivalents. As an investment pool, COLOTRUST operates under CRS 24-75-701 and is overseen by the Colorado Securities Commissioner. COLOTRUST is exempt from registration with the Securities and Exchange Commission. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard & Poor's and may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities and the highest-rated commercial paper. Wells Fargo Bank serves as custodian for COLOTRUST's portfolios and provides services as the depository in connection with direct investments owned by COLOTRUST. Separate financial statements can be obtained by calling 303.864.7474 or going to [www.colotrust.com](http://www.colotrust.com). The COLOTRUST investment is a local government investment pool that reports at the fair value per share of the pool's underlying portfolio. For pricing and redeeming shares, COLOTRUST maintains a stable net asset value (NAV) of \$1 per share using the fair value method. COLOTRUST is exempt from being measured at fair value and is excluded from the fair value hierarchy. COLOTRUST does not have any unfunded commitments, redemption restrictions, or redemption notice periods.

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## Notes To Financial Statements (Continued)

### Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of a failure of a counterparty, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Due to the limitations specified by Colorado statutes, as of December 31, 2021, the District had no investments exposed to custodial credit risk.

### Interest Rate Risk

CRS limits investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

## 3. Capital Assets

A summary of changes in governmental activity capital assets is as follows:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
<b>Governmental Activities</b>				
<b>Capital Assets, Not Being Depreciated</b>				
Land and improvements to land	\$ 45,583,416	\$ —	\$ —	\$ 45,583,416
Water and water storage rights	17,723,263	—	—	17,723,263
Construction in progress	557,025	51,016	—	608,041
<b>Total Capital Assets, Not Being Depreciated</b>	<b>63,863,704</b>	<b>51,016</b>	<b>—</b>	<b>63,914,720</b>
<b>Capital Assets, Being Depreciated</b>				
Parking lots	202,710	—	—	202,710
Parks, buildings and equipment	3,272,463	69,341	—	3,341,804
Concrete trails	1,439,434	295,110	—	1,734,544
Asphalt trails	302,064	—	—	302,064
Irrigation system	436,943	—	—	436,943
Office furniture and equipment	22,587	—	—	22,587
<b>Total Capital Assets, Being Depreciated</b>	<b>5,676,201</b>	<b>364,451</b>	<b>—</b>	<b>6,040,652</b>
<b>Less Accumulated Depreciation For:</b>				
Parking lots	(202,710)	—	—	(202,710)
Parks, buildings and equipment	(2,446,995)	(59,173)	—	(2,506,168)
Concrete trails	(900,676)	(54,873)	—	(955,549)
Asphalt trails	(302,064)	—	—	(302,064)
Irrigation system	(345,689)	(8,696)	—	(354,385)
Office furniture and equipment	(22,587)	—	—	(22,587)
<b>Total Accumulated Depreciation</b>	<b>(4,220,721)</b>	<b>(122,742)</b>	<b>—</b>	<b>(4,343,463)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>1,455,480</b>	<b>241,709</b>	<b>—</b>	<b>1,697,189</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 65,319,184</b>	<b>\$ 292,725</b>	<b>\$ —</b>	<b>\$ 65,611,909</b>

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes To Financial Statements *(Continued)*

Depreciation for governmental activity capital assets has been allocated to general government activity in the statement of activities.

A summary of changes in business-type activity capital assets is as follows:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
<b>Business-Type Activities;</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land and rights of way	\$ 103,115	\$ —	\$ —	\$ 103,115
Construction in progress	8,709,239	84,876	(2,220,009)	6,574,106
<b>Total Capital Assets Not Being Depreciated</b>	<b>8,812,354</b>	<b>84,876</b>	<b>(2,220,009)</b>	<b>6,677,221</b>
<b>Capital Assets Being Depreciated</b>				
Buildings and improvements	7,553,040	1,098,730	—	8,651,770
Landscaping, fencing and electrical	3,612,080	252,874	—	3,864,954
Ground water rights	6,936,729	—	—	6,936,729
Distribution system	26,311,167	935,759	—	27,246,926
Collection system	1,480,781	—	—	1,480,781
Water tanks	2,315,654	—	—	2,315,654
Machinery and equipment	9,046,763	2,305,677	—	11,352,440
Vehicles	183,013	—	—	183,013
Developer contributions*	17,226,658	—	—	17,226,658
Plum Creek Water Reclamation Authority (PCWRA) plant expansion	230,246	—	—	230,246
<b>Total Capital Assets Being Depreciated</b>	<b>74,896,131</b>	<b>4,593,040</b>	<b>—</b>	<b>79,489,171</b>
<b>Less Accumulated Depreciation For:</b>				
Buildings and improvements	(3,656,254)	(231,171)	—	(3,887,425)
Landscaping, fencing and electrical	(2,052,533)	(84,414)	—	(2,136,947)
Ground water rights	(347,339)	(10,896)	—	(358,235)
Distribution system	(2,960,362)	(308,833)	—	(3,269,195)
Collection system	(465,620)	(14,808)	—	(480,428)
Water tanks	(1,146,877)	(46,313)	—	(1,193,190)
Machinery and equipment	(8,582,027)	(212,896)	—	(8,794,923)
Vehicles	(125,198)	(18,789)	—	(143,987)
Developer contributions*	(3,495,412)	(172,266)	—	(3,667,678)
PCWRA plant expansion	(230,246)	—	—	(230,246)
<b>Total Accumulated Depreciation</b>	<b>(23,061,868)</b>	<b>(1,100,386)</b>	<b>—</b>	<b>(24,162,254)</b>
<b>Net Capital Assets Being Depreciated</b>	<b>51,834,263</b>	<b>3,492,654</b>	<b>—</b>	<b>55,326,917</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 60,646,617</b>	<b>\$ 3,577,530</b>	<b>\$ (2,220,009)</b>	<b>\$ 62,004,138</b>

\* Certain classes of assets have been classified and reclassified over time to account for shifts in accounting principles, including but not limited to developer-contributed assets. The developer-contributed assets represent the original water distribution system and wastewater collection system assets that were obtained by the District but not readily identified with specific assets.



## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes To Financial Statements (Continued)

Depreciation for business-type activity capital assets has been allocated to the following activities:

Water	\$	938,714
Wastewater		161,090
Storm drainage		<u>582</u>
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$</b>	<b><u>1,100,386</u></b>

Of the \$2,220,009 transferred out of construction in progress during 2021, \$1,037,991 relates to projects that have been abandoned.

#### 4. Long-Term Debt

##### Governmental Activities Debt

Following is a summary of governmental activity debt transactions for the year ended December 31, 2021:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021	Due Within One Year
<b>Governmental Activities</b>					
2015 COPs Refunding Bond	\$ 19,275,000	\$ —	\$ (470,000)	\$ 18,805,000	\$ 485,000
2015 COPs Premium	456,458	—	(31,975)	424,483	31,283
Compensated absences	25,655	7,796	—	33,451	33,451
<b>Total Governmental Activities</b>	<b>\$ 19,757,113</b>	<b>\$ 7,796</b>	<b>\$ (501,975)</b>	<b>\$ 19,262,934</b>	<b>\$ 549,734</b>

A description of the long-term debt as of December 31, 2021 is as follows:

##### **General Obligation Debt Authorization**

As of December 31, 2021, the District had no authorized unissued general obligation debt. The District did not budget to issue any additional general obligation debt in 2021.

##### **\$21,895,000 Refunding COPs - Series 2015**

On March 12, 2015, the District issued \$21,895,000 of Refunding COPs, Series 2015 (the Series 2015 Bonds) for the purpose of refunding the lease-purchase obligations of the District related to the 2008 COPs and the 2009 COPs, which were financed through the Castle Pines North Finance Corporation. The District determined it had available resources for the additional annual debt service payments, and in a low-interest rate market, the District wanted to remove variable rate interest risk by refunding the 2008 and 2009 COPs to a fixed interest rate.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes To Financial Statements (Continued)

The 2015 COPs were issued evidencing proportionate and undivided interests in the right to receive certain revenues payable by the District under a Lease Agreement dated March 12, 2015. Pursuant to the Lease Agreement, the District is obligated to pay Base Rental during the lease term to the trustee lessor, UMB Bank. Base rental represents monies required to pay the principal and interest on the 2015 COPs when due and any related fees.

The Series 2015 Bonds bear interest at rates ranging from 3.25% to 5.00% and are comprised of bonds maturing in 2045. The Series 2015 Bonds maturing on or after December 1, 2022 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 1, 2021, 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 2015 Bonds in the amount of \$656,573 and incurred costs of issuance totaling \$350,386.

The following is a summary of the annual long-term debt principal and interest requirements for the 2015 COPs:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 485,000	\$ 743,356	\$ 1,228,356
2023	510,000	719,106	1,229,106
2024	535,000	693,606	1,228,606
2025	565,000	666,857	1,231,857
2026	590,000	638,606	1,228,606
2027 - 2031	3,360,000	2,787,331	6,147,331
2032 - 2036	4,015,000	2,134,912	6,149,912
2037 - 2041	4,790,000	1,358,582	6,148,582
2042 - 2044	3,955,000	344,400	4,299,400
	\$ 18,805,000	\$ 10,086,756	\$ 28,891,756

### Business-Type Activities Debt

Following is a summary of business-type activity debt transactions for the year ended December 31, 2021:

Business-Type Activities	Balance			Balance		Due Within One Year
	December 31, 2020	Additions	Retirements	December 31, 2021		
Colorado Water Conservation Board (CWCB) loan payable	\$ 6,684,781	\$ 92,918	\$ (6,777,699)	\$ —	\$ —	
JP Morgan Chase loan payable	3,670,000	—	(235,000)	3,435,000	240,000	
Compensated absences	30,150	—	(19,989)	10,161	10,161	
<b>Total Business-Type Activities</b>	<b>\$ 10,384,931</b>	<b>\$ 92,918</b>	<b>\$ (7,032,688)</b>	<b>\$ 3,445,161</b>	<b>\$ 250,161</b>	

## **CASTLE PINES NORTH METROPOLITAN DISTRICT**

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### Notes To Financial Statements (*Continued*)

A description of the long-term debt as of December 31, 2021 is as follows:

#### ***CWCB Loan***

CWCB approved 3 loans (CT2018-1616, CT2018-1990 and CT2018-1617) to the District, all related to the Chatfield Reservoir Reallocation Project (the Project) in an amount not to exceed \$6,453,900 in total, which closed on October 15, 2015. In 2018, CWCB approved an increase of this loan to an amount not to exceed \$7,773,364 to close on or before June 30, 2018. This increase was approved by the Board on June 18, 2018. The CWCB loans are expected to cover approximately 90% of the costs of the Project, with the District's share of 10% already set aside in cash, in an escrow account. The CWCB loan terms are: interest at 3% per annum for 30 years, a one-time 1% loan service fee, interest payable only on funds drawn under the loans until the Project is substantially complete and principal and interest payments due 1 year from substantial completion and annually thereafter in equal payments. The loan security and repayment source is a pledge of Water Activity Enterprise revenues backed by a rate covenant.

On September 1, 2019, the first CWCB loan (CT2018-1616) was fully disbursed totaling a principal balance of \$5,462,484. With the first loan fully disbursed, the loan is now serviceable with annual payments of \$278,692, which begin on September 1, 2020 and will continue to the maturity date of September 1, 2049.

On April 21, 2020, the District disbursed \$795,296 toward the Project and declined to utilize one of the approved loans granted by CWCB in 2015, thereby decreasing its future repayment obligations.

During the year ended December 31, 2021, the remaining CWCB loans were fully paid off.

#### ***JP Morgan Chase Loan***

On December 31, 2018, the District secured a \$4,125,000 bank loan for the purpose of paying project costs related to the District's proportionate share in its interest in PCWRA. The project consists of the design and construction of improvements to expand the treatment capacity of PCWRA. The construction project is scheduled to be completed in 2022. Principal payments commence on December 1, 2019 and mature on December 1, 2033, carrying a fixed interest rate of 3.08%. The loan security and repayment source is a pledge of the District's Wastewater and Water Activity Enterprise revenues backed by a rate covenant. The loan contains restrictive covenants. The District incurred issuance costs of \$137,905.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes To Financial Statements (Continued)

The following is a summary of the annual long-term debt principal and interest requirement for the JP Morgan Chase loan:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 240,000	\$ 105,798	\$ 345,798
2023	250,000	98,406	348,406
2024	255,000	90,706	345,706
2025	265,000	82,852	347,852
2026	270,000	74,690	344,690
2027 - 2031	1,495,000	242,550	1,737,550
2032 - 2033	660,000	30,646	690,646
	<u>\$ 3,435,000</u>	<u>\$ 725,648</u>	<u>\$ 4,160,648</u>

## 5. Employee Pension Plan

### Plan Description

Eligible employees of the District are provided with pensions through LGDTF a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of CRS administrative rules set forth at 8 C.C.R. 1502-1 and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

The Colorado General Assembly passed significant pension reform through Senate Bill 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary To Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years* (SB 18-200). The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, were in effect at the end of 2018.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Benefits Provided**

PERA provides retirement, disability and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement and age at retirement. Retirement eligibility is specified in tables set forth at CRS § 24-51-602, 604, 1713 and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100% of the highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers, waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in CRS, once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all benefit recipients of the Denver Public School (DPS) benefit structure will receive an annual increase of 1.25% unless adjusted by the automatic adjustment provision (AAP) pursuant to CRS § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lessor of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for LGDTF. AAP may raise or lower the aforementioned annual increase by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above, considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained and the qualified survivor(s) who will receive the benefits.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes To Financial Statements (*Continued*)

#### Contributions

Eligible employees and the District are required to contribute to LGDTF at a rate set by Colorado statute. The contribution requirements are established under CRS § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 8% of their PERA-includable salary between January 1, 2020 through June 30, 2020, and 8.5% starting on July 1, 2020. The employer contribution requirements are summarized in the table below:

	For The Years	
	Ended December 31,	
	2021	2020
Employer contribution rate	10.50%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund (HCTF) as specified in CRS § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to LGDTF	9.48%	9.48%
Amortization equalization disbursement (AED) as specified in CRS § 24-51-411	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in CRS § 24-51-411	1.50%	1.50%
Defined contribution supplement as specified in CRS § 24-51-415	0.02%	0.00%
Total employer contribution rate to LGDTF	13.20%	13.18%

Note: Rates are expressed as a percentage of salary as defined in CRS § 24-51-101(42).

Employer contributions are recognized by LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to LGDTF. Employer contributions recognized by LGDTF from the District were \$71,779 for the year ended December 31, 2021.

#### Pension Liabilities, Pension Income And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2021, the District reported a net pension liability of \$468,970 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The District's proportion of the net pension liability was based on District contributions to LGDTF for the calendar years 2020 and 2019 relative to the total contributions of participating employers to LGDTF.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes To Financial Statements (Continued)

At December 31, 2020, the District's proportion was 0.08999%, which was a decrease of 0.00499% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the District recognized pension income of \$69,195 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 22,675	\$ —
Changes of assumptions or other inputs	113,329	—
Net difference between projected and actual earnings on pension plan investments	—	507,165
Changes in proportion and differences between contributions recognized and proportionate share of contributions	—	51,104
District contributions subsequent to the measurement date	71,779	—
<b>Total</b>	<b>\$ 207,783</b>	<b>\$ 558,269</b>

The \$71,779 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amortization</u>
2022	\$ (102,335)
2023	(67,965)
2024	(171,920)
2025	(80,045)
	<u>\$ (422,265)</u>



## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes To Financial Statements (*Continued*)

#### Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 - 10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	1.25% compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by AIR

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Post-retirement non-disabled mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% of the RP-2014 Disabled Retiree Mortality Table.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

### Notes To Financial Statements (*Continued*)

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop, and were adopted by the PERA Board during the November 18, 2016 board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for LGDTF, including long-term historical data, estimates inherent in current market data and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate Of Return*</u>
Global equity	54.00%	5.60%
Fixed income	23.00%	1.30%
Private equity	8.50%	7.10%
Real estate	8.50%	4.40%
Alternatives	6.00%	4.70%
<b><u>Total</u></b>	<b><u>100.00%</u></b>	

\* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, the total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions, assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (Continued)

Based on the above actuarial cost method and assumptions, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

#### **Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
District's proportionate share of the net pension liability	\$ 1,080,320	\$ 468,970	\$ (41,428)

#### **Pension Plan Fiduciary Net Position**

Detailed information about LGDTF's fiduciary net position is available in PERA's annual comprehensive financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

## **6. Postemployment Healthcare Benefits**

### **Plan Description**

The District contributes to the HCTF, a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA-participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of CRS, as amended, establishes HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### **Funding Policy**

The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members, as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of CRS, as amended. The apportionment of the contributions to HCTF is established under Title 24, Article 51, Section 208(1)(f) of CRS, as amended. For the years ending December 31, 2021 and 2020, the District's employer contributions to HCTF were \$5,547 and \$6,487, respectively, equal to their required contributions for each year. The effect of this plan would result in an immaterial liability and therefore is not recorded at December 31, 2021.

## **7. Defined Contribution Pension Plan**

### **Plan Description**

Employees of the District who are members of LGDTF may voluntarily contribute to the Voluntary Investment Program, 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. Title 24, Article 51, Part 14 of CRS, as amended, assigns the authority to establish the 401(k) plan provisions to the state legislature. PERA issues a publicly available annual comprehensive financial report for the program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

## CASTLE PINES NORTH METROPOLITAN DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Funding Policy**

The Voluntary Investment Program is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402, of CRS, as amended. The District does not contribute to the Voluntary Investment Program. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the years ended December 31, 2021 and 2020, the 401(k) plan member contributions were \$12,086 and \$13,850, respectively.

#### **8. Risk Management**

The District is exposed to various risks of loss related to workers compensation; general liability; unemployment; torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool), which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on a basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. The District also maintains an active insurance program, whereby the District annually evaluates appropriate liability coverage. Additionally, the District is required to maintain certain coverages on leased assets secured by the 2015 COPs. As of December 31, 2021, the District maintained the coverage required under its lease purchase agreement, dated March 2, 2015 between the District and UMB, N.A.

## **CASTLE PINES NORTH METROPOLITAN DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **9. TABOR Compliance**

In November 1992, Colorado voters passed an amendment (the Amendment or TABOR) to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local districts. The limits on property taxes, revenue and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local districts to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$130,000 for this purpose.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

#### **10. Subsequent Events**

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

##### **Termination Of Inclusion Agreement With Parker Water And Sanitation District**

On May 4th, 2021, the District's electorate approved the inclusion of the District into Parker Water and Sanitation District. On February 22nd, 2022, this agreement was terminated.

## **CASTLE PINES NORTH METROPOLITAN DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Sale Of Water Rights**

On March 28, 2022, the District sold a certain amount of shares of water rights for a purchase price of \$18,195,000.

#### **Payoff Of Debt**

On April 26, 2022, the District paid off the entire principal (\$18,805,000) and interest (\$330,381) on the Series 2015 Bonds.

#### **Intergovernmental Agreements With The City Of Castle Pines, Colorado**

On June 29, 2022, the District entered into an intergovernmental agreement with the City of Castle Pines (the City) to transfer the District's stormwater system and necessary property rights over to the City.

On March 28, 2023, the District entered into an intergovernmental agreement with the City to transfer the District's recreation properties over to the City.

DRAFT FOR DISCUSSION PURPOSES ONLY



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**Required Supplementary Information**

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**CASTLE PINES NORTH METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE (BUDGET AND ACTUAL) - GENERAL FUND**  
**For The Year Ended December 31, 2021**  
**(With Comparative Totals For The Year Ended December 31, 2020)**

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)	2020 Actual
<b>Revenues</b>					
Property taxes	\$ 3,667,341	\$ 3,667,341	\$ 3,665,464	\$ (1,877)	\$ 3,561,943
Specific ownership taxes	293,387	333,441	353,672	20,231	309,426
Conservation Trust Fund	46,000	58,000	56,349	(1,651)	46,906
Farm land revenue	40,000	46,000	35,472	(10,528)	40,000
Lease income	74,441	74,441	79,137	4,696	76,260
Oil royalty income	25,000	30,000	33,201	3,201	254,449
Earnings on investments	20,395	7,185	6,630	(555)	33,648
Miscellaneous income	20,000	30,000	40,338	10,338	25,365
<b>Total Revenues</b>	<b>4,186,564</b>	<b>4,246,408</b>	<b>4,270,263</b>	<b>23,855</b>	<b>4,347,997</b>
<b>Expenditures</b>					
General government:					
Salaries and wages	339,201	309,843	311,551	(1,708)	348,386
Employee benefits and taxes	166,231	131,549	124,051	7,498	136,321
Accounting, audit and legal	279,622	353,622	328,979	24,643	258,766
Other professional services	188,790	109,790	119,081	(9,291)	127,796
Utilities	39,750	30,500	30,758	(258)	26,323
Insurance	46,874	47,330	47,330	—	44,734
County collection fees	55,010	55,010	55,036	(26)	53,495
Memberships, training and subscriptions	12,800	5,150	3,214	1,936	2,144
Other office expenses	44,450	41,000	47,161	(6,161)	46,484
Repairs and maintenance	44,550	117,500	43,360	74,140	49,112
<b>Total General Government</b>	<b>1,217,278</b>	<b>1,201,294</b>	<b>1,110,521</b>	<b>90,773</b>	<b>1,093,561</b>
Parks and open space:					
Landscape maintenance contract	264,000	260,000	258,534	1,466	235,543
Landscape supplies	15,000	15,000	12,130	2,870	5,765
Repairs and maintenance	544,000	501,800	268,268	233,532	463,142
Utilities	330,500	419,867	391,941	27,926	438,709
Park services	29,200	29,200	29,945	(745)	19,687
<b>Total Parks And Open Space</b>	<b>1,182,700</b>	<b>1,225,867</b>	<b>960,818</b>	<b>265,049</b>	<b>1,162,846</b>
Capital outlay	659,075	330,000	448,928	(118,928)	160,000
<b>Total Expenditures</b>	<b>3,059,053</b>	<b>2,757,161</b>	<b>2,520,267</b>	<b>236,894</b>	<b>2,416,407</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>1,127,511</b>	<b>1,489,247</b>	<b>1,749,996</b>	<b>260,749</b>	<b>1,931,590</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of assets	—	18,250,000	—	(18,250,000)	—
Transfers out, base rental expense	(5,728,107)	(19,414,683)	(613,826)	18,800,857	(1,228,318)
<b>Total Other Financing Uses</b>	<b>(5,728,107)</b>	<b>(1,164,683)</b>	<b>(613,826)</b>	<b>550,857</b>	<b>(1,228,318)</b>
<b>Net Change In Fund Balance</b>	<b>(4,600,596)</b>	<b>324,564</b>	<b>1,136,170</b>	<b>811,606</b>	<b>703,272</b>
<b>Fund Balance - Beginning Of Year</b>	<b>6,322,665</b>	<b>6,322,665</b>	<b>6,322,665</b>	<b>—</b>	<b>5,619,393</b>
<b>Fund Balance - End Of Year</b>	<b>\$ 1,722,069</b>	<b>\$ 6,647,229</b>	<b>\$ 7,458,835</b>	<b>\$ 811,606</b>	<b>\$ 6,322,665</b>

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
COST-SHARING DEFINED BENEFIT PLAN**

**For The Year Ended December 31, 2020 (Measurement Date)**

**Employee Pension Plan**

**Year Seven<sup>1</sup>**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.08999%	0.09498%	0.11594%	0.10967%	0.10655%	0.10914%	0.10836%
District's proportionate share of the net pension liability	\$ 468,970	\$ 694,708	\$ 1,457,671	\$ 1,221,153	\$ 1,438,726	\$ 1,202,296	\$ 971,185
District's covered payroll	\$ 635,974	\$ 654,102	\$ 727,906	\$ 677,776	\$ 666,309	\$ 648,164	\$ 608,976
District's proportionate share of the net pension liability as a percentage of its covered payroll	73.74%	106.21%	200.26%	180.17%	215.92%	185.49%	159.48%
Plan fiduciary net position as a percentage of the total pension	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%	80.70%

<sup>1</sup> The amounts presented for each fiscal year were determined as of 12/31 of the prior year. This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - COST-SHARING DEFINED BENEFIT PLAN  
For The Year Ended December 31, 2021  
Year Eight<sup>1</sup>**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 71,779	\$ 82,146	\$ 85,599	\$ 92,408	\$ 87,730	\$ 81,004	\$ 78,597	\$ 75,288
Contributions in relation to the statutorily required contributions	71,779	82,146	85,599	92,408	87,730	81,004	78,597	75,288
<b>Contribution deficiency (excess)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Covered payroll	\$ 543,778	\$ 635,974	\$ 654,102	\$ 727,906	\$ 677,776	\$ 666,309	\$ 648,164	\$ 608,976
Contributions as a percentage of covered payroll	13.20%	12.92%	13.09%	12.70%	12.94%	12.16%	12.13%	12.36%

<sup>1</sup> This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

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**Other Supplementary Information**

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**CASTLE PINES NORTH METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE (BUDGET AND ACTUAL) - 2015 COPS FUND**  
**For The Year Ended December 31, 2021**  
**(With Comparative Totals For The Year Ended December 31, 2020)**

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2021 Actual
<b>Revenues</b>					
Earnings on investments	\$ 10,000	\$ 10,000	\$ 54	\$ (9,946)	\$ 1,738
<b>Expenditures</b>					
Principal	4,970,000	19,275,000	470,000	18,805,000	445,000
Interest and fees	768,107	768,107	762,304	5,803	785,056
<b>Total Expenditures</b>	<b>5,738,107</b>	<b>20,043,107</b>	<b>1,232,304</b>	<b>18,810,803</b>	<b>1,230,056</b>
<b>Deficiency Of Revenues Over Expenditures</b>	<b>(5,728,107)</b>	<b>(20,033,107)</b>	<b>(1,232,250)</b>	<b>18,800,857</b>	<b>(1,228,318)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in, base rental revenue	5,728,107	19,414,683	613,826	(18,800,857)	1,228,318
<b>Change In Fund Balance</b>	<b>—</b>	<b>(618,424)</b>	<b>(618,424)</b>	<b>—</b>	<b>—</b>
<b>Fund Balance At Beginning Of Year</b>	<b>618,424</b>	<b>618,424</b>	<b>618,424</b>	<b>—</b>	<b>618,424</b>
<b>Fund Balance At End Of Year</b>	<b>\$ 618,424</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 618,424</b>

# CASTLE PINES NORTH METROPOLITAN DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION (BUDGET AND ACTUAL) - ENTERPRISE FUNDS

For The Year Ended December 31, 2021

(With Comparative Totals For The Year Ended December 31, 2020)

Page 1 Of 2

		Original Budget	Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2021 Actual
<b>Revenues</b>						
Water charges	\$	7,210,608	\$ 8,827,124	\$ 8,579,329	\$ (247,795)	\$ 8,616,792
Wastewater charges		2,966,974	3,377,055	3,335,332	(41,723)	3,075,486
Storm drainage charges		252,187	252,187	253,599	1,412	243,527
Capital improvement charges		1,510,236	1,690,342	1,660,836	(29,506)	1,592,307
Earnings on investments		51,000	23,909	20,799	(3,110)	220,933
Financing proceeds		100,000	222,041	92,918	(129,123)	726,690
Reimbursable income		—	25,000	24,728	(272)	55,716
Renewable water investment		2,638,560	3,946,020	3,216,997	(729,023)	3,107,481
Miscellaneous income		102,569	195,660	16,825	(178,835)	85,801
<b>Total Revenues</b>		<b>14,832,134</b>	<b>18,559,338</b>	<b>17,201,363</b>	<b>(1,357,975)</b>	<b>17,724,733</b>
<b>Expenditures</b>						
<b>Water Operations</b>						
General overhead		573,646	380,236	384,302	(4,066)	680,020
Salaries and wages		142,248	142,248	119,203	23,045	163,035
Employee benefits and taxes		66,371	66,371	12,879	53,492	24,270
Memberships, training and subscriptions		15,200	7,200	4,919	2,281	7,049
Engineering		75,300	90,300	124,737	(34,437)	131,049
Repairs and maintenance		1,351,174	2,698,174	2,625,741	72,433	1,545,145
Utilities		938,995	964,458	883,057	81,401	813,930
Equipment and supplies		81,000	48,000	114,007	(66,007)	63,582
Treatment costs		10,000	10,000	9,978	22	7,706
Water rebates		12,500	12,500	—	12,500	—
Other projects		26,000	26,000	35,263	(9,263)	3,780
Interest expense		—	81,187	203,482	(122,295)	163,875
<b>Total Water Operations</b>		<b>3,292,434</b>	<b>4,526,674</b>	<b>4,517,568</b>	<b>9,106</b>	<b>3,603,441</b>
<b>Wastewater Operations</b>						
General overhead		226,277	207,977	229,171	(21,194)	203,465
Salaries and wages		134,448	134,448	111,472	22,976	162,273
Employee benefits and taxes		62,099	62,099	(1,328)	63,427	32,369
Memberships, training and subscriptions		13,750	1,200	1,170	30	1,260
Engineering		38,000	184,422	326,685	(142,263)	290,843
Repairs and maintenance		308,000	590,000	250,320	339,680	655,008
Utilities		81,882	81,882	84,235	(2,353)	79,348
Equipment, supplies and other projects		9,000	6,000	5,645	355	11,763
Treatment costs		747,807	747,807	709,707	38,100	680,487
Interest expense		348,036	348,036	112,747	235,289	119,750
<b>Total Wastewater Operations</b>		<b>1,969,299</b>	<b>2,363,871</b>	<b>1,829,824</b>	<b>534,047</b>	<b>2,236,566</b>

**CASTLE PINES NORTH METROPOLITAN DISTRICT**

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION (BUDGET AND ACTUAL) - ENTERPRISE FUNDS**

**For The Year Ended December 31, 2021**

**(With Comparative Totals For The Year Ended December 31, 2020)**

**Page 2 Of 2**

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2021 Actual
<b>Expenditures (Continued)</b>					
<b>Storm Drainage Operations</b>					
General overhead	\$ 32,825	\$ 22,526	\$ 23,610	\$ (1,084)	\$ 22,494
Salaries and wages	16,125	16,125	(3,485)	19,610	28,931
Employee benefits and taxes	8,132	8,195	5,595	2,600	6,557
Engineering	40,000	25,000	—	25,000	7,000
Repairs and maintenance	1,250	—	—	—	—
Equipment, supplies and other projects	1,400	1,400	1,619	(219)	1,338
<b>Total Storm Drainage Operations</b>	<b>99,732</b>	<b>73,246</b>	<b>27,339</b>	<b>45,907</b>	<b>66,320</b>
<b>Capital Outlay</b>	<b>1,553,932</b>	<b>1,239,498</b>	<b>916,295</b>	<b>323,203</b>	<b>—</b>
<b>Total Expenditures</b>	<b>6,915,397</b>	<b>8,203,289</b>	<b>7,291,026</b>	<b>912,263</b>	<b>5,906,327</b>
<b>Change In Net Position - Budgetary Basis</b>	<b>7,916,737</b>	<b>10,356,049</b>	<b>9,910,337</b>	<b>(445,712)</b>	<b>11,818,406</b>
<b>Reconciliation To GAAP Basis</b>					
Financing proceeds	(100,000)	(222,041)	(92,918)	129,123	(726,690)
Capital outlay	1,553,932	1,239,498	916,295	323,203	—
Depreciation	—	—	(1,100,386)	1,100,386	(936,142)
Loss on disposal of assets	—	—	(1,037,991)	1,037,991	—
<b>Change In Net Position - GAAP Basis</b>	<b>9,370,669</b>	<b>11,373,506</b>	<b>8,595,337</b>	<b>(2,778,169)</b>	<b>10,155,574</b>
<b>Net Position At Beginning Of Year</b>	<b>95,432,373</b>	<b>95,432,373</b>	<b>95,432,373</b>	<b>—</b>	<b>85,276,799</b>
<b>Net Position At End Of Year</b>	<b>\$ 104,803,042</b>	<b>\$ 106,805,879</b>	<b>\$ 104,027,710</b>	<b>\$ (2,778,169)</b>	<b>\$ 95,432,373</b>