
***CASTLE PINES NORTH
METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2017***

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July 17, 2018

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Independent Auditors' Report

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Castle Pines North Metropolitan District
Castle Pines, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Castle Pines North Metropolitan District (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the District as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Report On Summarized Comparative Information

A predecessor auditor has previously audited the District's 2016 financial statements and expressed an unmodified audit opinion on those audited financial statements in their report dated July 17, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 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 50, schedule of the District's proportionate share of the net pension liability - cost-sharing defined benefit plans on page 51 and schedule of the District's contributions - cost-sharing defined benefit plans on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules on pages 53 through 56 and continuing disclosure section on pages 57 through 63 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

RubinBrown LLP

June 29, 2018

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2017

(With Comparative Totals For December 31, 2016)

	Governmental Activities	Business-Type Activities	Total 2017	Total 2016
Assets				
Cash and cash equivalents	\$ 4,421,067	\$ 16,458,150	\$ 20,879,217	\$ 15,134,825
Cash and cash equivalents - restricted	792,463	—	792,463	998,494
Property taxes receivable	3,121,220	—	3,121,220	4,837,090
Accounts receivable - services	—	649,647	649,647	514,579
Accounts receivable - other	1,900	117,082	118,982	233,142
Prepaid items	53,162	71,893	125,055	107,346
Capital assets, not being depreciated	63,398,019	4,039,540	67,437,559	66,221,725
Capital assets, net of accumulated depreciation	1,866,017	47,172,671	49,038,688	50,029,550
Total Assets	73,653,848	68,508,983	142,162,831	138,076,751
Deferred Outflows Of Resources				
Deferred loss on refunding	151,575	—	151,575	161,218
Deferred outflows relating to pensions	188,871	211,012	399,883	343,419
Total Deferred Outflows Of Resources	340,446	211,012	551,458	504,637
Liabilities				
Accounts payable	36,094	314,842	350,936	405,419
Accrued compensated absences	20,387	25,270	45,657	44,104
Accrued expenses	—	59,465	59,465	—
Accrued interest payable on long-term debt	68,651	—	68,651	92,585
Long-term debt payable - less than one year (Note 4)	444,669	343,858	788,527	1,817,251
Long-term debt payable - greater than one year (Note 4)	20,668,176	—	20,668,176	21,483,260
Net pension liability	679,534	759,192	1,438,726	1,202,296
Total Liabilities	21,917,511	1,502,627	23,420,138	25,044,915
Deferred Inflows Of Resources				
Deferred property taxes	3,121,220	—	3,121,220	4,837,090
Deferred inflows of resources relating to pensions	7,905	8,832	16,737	22,022
Total Deferred Inflows Of Resources	3,129,125	8,832	3,137,957	4,859,112
Net Position				
Net investment in capital assets	44,302,766	50,868,353	95,171,119	93,111,982
Restricted for:				
Emergency reserve	116,055	—	116,055	118,316
Debt service	641,971	—	641,971	642,227
Conservation Trust Fund	149,336	—	149,336	355,117
Unrestricted	3,737,530	16,340,183	20,077,713	14,449,719
Total Net Position	\$ 48,947,658	\$ 67,208,536	\$ 116,156,194	\$ 108,677,361

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2017 With Comparative Totals For The Year Ended December 31, 2016

Functions/Programs	Total Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position			2016
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities								
General government	\$ 1,300,720	\$ 196,796	\$ 18,988	\$ —	\$ (1,084,936)	\$ —	\$ (1,084,936)	\$ (1,131,044)
Parks and open space	925,082	—	46,715	—	(878,367)	—	(878,367)	(896,131)
Interest and related costs on long-term debt	946,788	—	—	—	(946,788)	—	(946,788)	(1,126,998)
Total Governmental Activities	3,172,590	196,796	65,703	—	(2,910,091)	—	(2,910,091)	(3,154,173)
Business-Type Activities								
Water	3,677,624	6,260,142	—	1,470,099	—	4,052,617	4,052,617	992,281
Wastewater	1,556,423	1,886,218	—	—	—	329,795	329,795	161,032
Storm drainage	112,600	224,144	—	—	—	111,544	111,544	(373,693)
Total Business-Type Activities	5,346,647	8,370,504	—	1,470,099	—	4,493,956	4,493,956	779,620
Total	\$ 8,519,237	\$ 8,567,300	\$ 65,703	\$ 1,470,099	(2,910,091)	4,493,956	1,583,865	(2,374,553)
General Revenues								
Taxes:								
Property taxes					4,839,702	—	4,839,702	6,439,734
Specific ownership taxes					529,876	—	529,876	599,784
Miscellaneous income					110,102	214,880	324,982	322,641
Earnings on investments					42,686	157,722	200,408	101,992
Loss on disposal of capital assets					—	—	—	(4,225)
Total General Revenues					5,522,366	372,602	5,894,968	7,459,926
Changes In Net Position					2,612,275	4,866,558	7,478,833	5,085,373
Net Position At Beginning Of Year					46,335,383	62,341,978	108,677,361	103,591,988
Net Position At End Of Year					\$ 48,947,658	\$ 67,208,536	\$ 116,156,194	\$ 108,677,361

See the accompanying notes to financial statements.

CASTLE PINES NORTH METROPOLITAN DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

(With Comparative Totals For December 31, 2016)

	General	Debt Service	2015 COPs	2017 Total	2016 Total
Assets					
Cash and cash equivalents	\$ 4,421,067	\$ —	\$ —	\$ 4,421,067	\$ 3,925,371
Cash and cash equivalents - restricted	149,336	1,156	641,971	792,463	998,494
Property taxes receivable	3,121,220	—	—	3,121,220	4,837,090
Other receivables	1,900	—	—	1,900	—
Prepaid items	53,162	—	—	53,162	107,346
Total Assets	7,746,685	1,156	641,971	8,389,812	9,868,301
Liabilities					
Accounts payable	34,938	1,156	—	36,094	89,180
Accrued compensated absences	—	—	—	—	19,039
Total Liabilities	34,938	1,156	—	36,094	108,219
Deferred Inflows Of Resources					
Deferred property taxes	3,121,220	—	—	3,121,220	4,837,090
Total Deferred Inflows Of Resources	3,121,220	—	—	3,121,220	4,837,090
Fund Balances					
Nonspendable:					
Prepaid items	53,162	—	—	53,162	107,346
Restricted for:					
Emergency reserve	116,055	—	—	116,055	118,316
Debt service	—	—	641,971	641,971	642,227
Conservation Trust Fund	149,336	—	—	149,336	355,117
Assigned for subsequent year's expenditures	—	—	—	—	251,232
Unassigned	4,271,974	—	—	4,271,974	3,448,754
Total Fund Balance	4,590,527	—	641,971	5,232,498	4,922,992
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 7,746,685	\$ 1,156	\$ 641,971	\$ 8,389,812	\$ 9,868,301

CASTLE PINES NORTH METROPOLITAN DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

December 31, 2017
(With Comparative Totals For December 31, 2016)

	<u>2017</u>	<u>2016</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance - governmental funds	\$ 5,232,498	\$ 4,922,992
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.		
Capital assets	\$ 69,074,221	
Accumulated depreciation	<u>(3,810,185)</u>	65,040,994
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	(557,845)	
COP payable	(20,555,000)	
Deferred loss on refunding, net of amortization	151,575	
Accrued compensated absences	(20,387)	
Accrued interest payable - long-term debt	<u>(68,651)</u>	(23,231,878)
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	(679,534)	
Deferred outflows of resources relating to pensions	188,871	
Deferred inflows of resources relating to pensions	<u>(7,905)</u>	(396,725)
Total Net Position - Governmental Activities	\$ 48,947,658	\$ 46,335,383

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For The Year Ended December 31, 2017

(With Comparative Totals For The Year Ended December 31, 2016)

	General	Debt Service	2015 COPs	Total	2016
Revenues					
Property taxes	\$ 2,995,255	\$ 1,844,447	\$ —	\$ 4,839,702	\$ 6,439,734
Specific ownership taxes	529,876	—	—	529,876	599,784
Conservation Trust Fund	46,715	—	—	46,715	52,436
Intergovernmental revenues	—	18,988	—	18,988	134,028
Farm land revenue	40,000	—	—	40,000	40,000
Lease income	66,835	—	—	66,835	71,112
Oil royalty income	89,961	—	—	89,961	5,433
Earnings on investments	38,551	2,517	1,618	42,686	24,150
Miscellaneous income	110,102	—	—	110,102	32,654
Total Revenues	3,917,295	1,865,952	1,618	5,784,865	7,399,331
Expenditures					
General government	1,051,031	27,695	—	1,078,726	1,124,426
Parks and open space	925,082	—	—	925,082	948,567
Capital outlay	398,138	—	—	398,138	95,256
Debt service:					
Principal	—	1,760,000	390,000	2,150,000	3,695,000
Interest and fees	—	77,107	846,306	923,413	1,097,469
Total Expenditures	2,374,251	1,864,802	1,236,306	5,475,359	6,960,718
Excess (Deficiency) Of Revenues Over (Under) Expenditures	1,543,044	1,150	(1,234,688)	309,506	438,613
Other Financing Sources (Uses)					
Transfers out/in, base rental	(1,234,688)	—	1,234,688	—	—
Transfers in/out, debt related	1,406	(1,406)	—	—	—
Total Other Financing Sources (Uses)	(1,233,282)	(1,406)	1,234,688	—	—
Net Change In Fund Balances	309,762	(256)	—	309,506	438,613
Fund Balance At Beginning Of Year	4,280,765	256	641,971	4,922,992	4,484,379
Fund Balance At End Of Year	\$ 4,590,527	\$ —	\$ 641,971	\$ 5,232,498	\$ 4,922,992

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, 2017

(With Comparative Totals For The Year Ended December 31, 2016)

	2017	2016
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - governmental funds	\$ 309,506	\$ 438,613
Capital outlay to purchase or build capital assets are 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	\$ 398,138	
Depreciation expense	<u>(175,095)</u>	(116,544)
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	23,934	
Change in compensated absences	(20,387)	
Amortization of loss on refunding	(9,643)	
Amortization of bond premium	<u>(37,666)</u>	(29,529)
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.	2,150,000	3,695,000
Pension expense 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.	(26,512)	(49,616)
Change In Net Position Of Governmental Activities	\$ 2,612,275	\$ 3,937,924

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION - ENTERPRISE FUNDS

December 31, 2017

(With Comparative Totals For December 31, 2016)

	Water	Wastewater	Storm Drainage	2017 Total	2016 Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 14,291,555	\$ 1,786,126	\$ 380,469	\$ 16,458,150	\$ 11,209,454
Accounts receivable - services	459,126	168,123	22,398	649,647	514,579
Accounts receivable - other	117,082	—	—	117,082	233,142
Prepaid expenses	44,471	21,938	5,484	71,893	—
Total Current Assets	14,912,234	1,976,187	408,351	17,296,772	11,957,175
Capital Assets					
Property, plant and equipment	59,829,223	11,442,144	36,440	71,307,807	70,088,058
Accumulated depreciation	(17,148,920)	(2,918,088)	(28,588)	(20,095,596)	(18,877,777)
Total Capital Assets	42,680,303	8,524,056	7,852	51,212,211	51,210,281
Total Assets	57,592,537	10,500,243	416,203	68,508,983	63,167,456
Deferred Outflows Of Resources					
Deferred outflows of resources relating to pensions	104,567	85,343	21,102	211,012	188,753
Liabilities					
Current Liabilities					
Accounts payable	241,537	51,385	21,920	314,842	316,239
Accrued expenses	—	59,465	—	59,465	—
Long-term debt payable - less than one year (Note 4)	343,858	—	—	343,858	—
Accrued compensated absences	10,407	10,136	4,727	25,270	25,065
Total Current Liabilities	595,802	120,986	26,647	743,435	341,304
Long-Term Liabilities					
Net pension liability	376,219	307,049	75,924	759,192	660,823
Total Liabilities	972,021	428,035	102,571	1,502,627	1,002,127
Deferred Inflows Of Resources					
Deferred inflows of resources relating to pensions	4,377	3,572	883	8,832	12,104
Net Position					
Net investment in capital assets	42,336,445	8,524,056	7,852	50,868,353	51,210,281
Unrestricted	14,384,261	1,629,923	325,999	16,340,183	11,131,697
Total Net Position	\$ 56,720,706	\$ 10,153,979	\$ 333,851	\$ 67,208,536	\$ 62,341,978

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For The Year Ended December 31, 2017

(With Comparative Totals For The Year Ended December 31, 2016)

Page 1 Of 2

	Water	Wastewater	Storm Drainage	2017 Total	2016 Total
Operating Revenues					
Water charges	\$ 5,226,351	\$ —	\$ —	\$ 5,226,351	\$ 3,909,177
Wastewater charges	—	1,886,218	—	1,886,218	1,702,877
Storm drainage charges	—	—	224,144	224,144	222,125
Total Operating Revenues	5,226,351	1,886,218	224,144	7,336,713	5,834,179
Operating Expenses					
Water Operations					
General overhead	222,755	—	—	222,755	273,590
Salaries and wages	186,361	—	—	186,361	181,045
Employee benefits and taxes	112,044	—	—	112,044	110,308
Memberships, training and subscriptions	6,924	—	—	6,924	5,372
Engineering	165,584	—	—	165,584	123,968
Repairs and maintenance	1,177,485	—	—	1,177,485	1,668,741
Utilities	724,679	—	—	724,679	763,290
Equipment and supplies	27,343	—	—	27,343	27,567
Treatment costs	7,014	—	—	7,014	10,083
Water rebates	7,010	—	—	7,010	4,515
Other projects	23,318	—	—	23,318	50,087
Total Water Operations	2,660,517	—	—	2,660,517	3,218,566
Wastewater Operations					
General overhead	—	87,919	—	87,919	65,276
Salaries and wages	—	155,522	—	155,522	151,351
Employee benefits and taxes	—	90,793	—	90,793	89,400
Memberships, training and subscriptions	—	2,600	—	2,600	3,553
Engineering	—	96,786	—	96,786	104,887
Repairs and maintenance	—	148,058	—	148,058	178,035
Utilities	—	63,809	—	63,809	75,106
Equipment and supplies	—	2,013	—	2,013	1,075
Treatment costs	—	708,792	—	708,792	670,660
Total Wastewater Operations	—	1,356,292	—	1,356,292	1,339,343
Storm Drainage Operations					
General overhead	—	—	17,382	17,382	23,587
Salaries and wages	—	—	34,119	34,119	33,023
Employee benefits and taxes	—	—	22,567	22,567	22,208
Engineering	—	—	—	—	836
Repairs and maintenance	—	—	36,757	36,757	656,835
Equipment and supplies	—	—	1,194	1,194	1,247
Total Storm Drainage Operations	—	—	112,019	112,019	737,736
Total Operating Expenses	2,660,517	1,356,292	112,019	4,128,828	5,295,645
Revenues in excess of expenses before depreciation	2,565,834	529,926	112,125	3,207,885	538,534
Depreciation	1,017,107	200,131	581	1,217,819	1,298,764

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS For The Year Ended December 31, 2017 (With Comparative Totals For The Year Ended December 31, 2016) Page 2 Of 2

	Water	Wastewater	Storm Drainage	2017 Total	2016 Total
Operating Income (Loss)	\$ 1,548,727	\$ 329,795	\$ 111,544	\$ 1,990,066	\$ (760,230)
Nonoperating Revenues					
Earnings on investments	139,396	15,316	3,010	157,722	77,842
Reimbursable income	149,034	—	—	149,034	260,217
Miscellaneous revenue	69,375	1,381	—	70,756	29,770
Renewable water fees	1,028,881	—	—	1,028,881	—
Grant revenue	—	—	—	—	142,500
Total Nonoperating Revenues	1,386,686	16,697	3,010	1,406,393	510,329
Income (Loss) Before Contributions And Transfers	2,935,413	346,492	114,554	3,396,459	(249,901)
Capital improvement fees	1,470,099	—	—	1,470,099	1,397,350
Change In Net Position	4,405,512	346,492	114,554	4,866,558	1,147,449
Net Position At Beginning Of Year	52,315,194	9,807,487	219,297	62,341,978	61,194,529
Net Position At End Of Year	\$ 56,720,706	\$ 10,153,979	\$ 333,851	\$ 67,208,536	\$ 62,341,978

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

For The Year Ended December 31, 2017

(With Comparative Totals For The Year Ended December 31, 2016)

	Water	Wastewater	Storm Drainage	2017 Total	2016
Cash Flows From Operating Activities					
Receipts from customers and others	\$ 5,206,839	\$ 1,886,878	\$ 223,987	\$ 7,317,704	\$ 5,599,204
Payments to suppliers	(2,379,240)	(1,098,603)	(63,404)	(3,541,247)	(4,648,547)
Payments to employees	(262,215)	(216,714)	(49,434)	(528,363)	(524,795)
Net Cash Flows From Operating Activities	2,565,384	571,561	111,149	3,248,094	425,862
Cash Flows From Noncapital Financing Activities					
Miscellaneous revenue	218,409	1,381	—	219,790	289,987
Renewable water fees	1,028,881	—	—	1,028,881	—
Grant revenue	—	—	—	—	142,500
Net Cash Flows From Noncapital Financing Activities	1,247,290	1,381	—	1,248,671	432,487
Cash Flows From Capital And Related Financing Activities					
Capital contributions	1,470,099	—	—	1,470,099	1,397,350
Principal proceeds on loans	343,858	—	—	343,858	—
Acquisition of capital assets	(1,219,750)	—	—	(1,219,750)	(414,053)
Net Cash Flows From Capital And Related Financing Activities	594,207	—	—	594,207	983,297
Cash Flows From Investing Activities					
Earnings on investments	139,396	15,316	3,010	157,722	77,842
Net Increase In Cash And Cash Equivalents	4,546,277	588,258	114,159	5,248,694	1,919,488
Cash And Cash Equivalents, Beginning Of Year	9,745,278	1,197,868	266,310	11,209,456	9,289,966
Cash And Cash Equivalents, End Of Year	\$ 14,291,555	\$ 1,786,126	\$ 380,469	\$ 16,458,150	\$ 11,209,454
Reconciliation Of Operating Income (Loss) To Net Cash Flows From Operating Activities					
Net income (loss) from operations	\$ 1,548,727	\$ 329,795	\$ 111,544	\$ 1,990,066	\$ (760,230)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	1,017,107	200,131	581	1,217,819	1,298,764
Changes in operating assets and liabilities:					
Accounts receivable	(19,512)	660	(157)	(19,009)	(234,977)
Prepaid items	(44,471)	(21,938)	(5,484)	(71,893)	46,557
Accounts payable	27,343	(26,153)	(2,587)	(1,397)	(2,874)
Accrued expenses	—	59,465	—	59,465	—
Accrued compensated absences	134	110	(39)	205	1,468
Net pension liability and related deferred inflows/outflows of resources	36,056	29,491	7,291	72,838	77,154
Net Cash Flows From Operating Activities	\$ 2,565,384	\$ 571,561	\$ 111,149	\$ 3,248,094	\$ 425,862

CASTLE PINES NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 And 2016

1. Summary Of Significant Accounting Policies

Form Of Organization

The 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 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:

1. 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

Notes To Financial Statements (*Continued*)

2. Fiscal dependency on the primary government and there is a 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, (2) a governing board appointment by a higher level of government or
3. 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 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

Notes To Financial Statements (*Continued*)

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, deferred outflows of resources, liabilities and 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.

Debt Service Fund - The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt-related costs.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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

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.

The corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

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

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, 2016, 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

- A duly noticed public hearing is conducted to obtain taxpayer comments.
- 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

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 inflows of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources is 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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

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

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.

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 position 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 position 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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.

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 of Directors. 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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.

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.

Comparative Data

Comparative total data for the prior year is presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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, 2017, follows:

	S&P Rating	Fair Value	Weighted Ave. Maturity Date (In Days)	Concentration Of Credit Risk
Cash on hand	NR	\$ 629	N/A	N/A
Cash with county treasurer	NR	35,493	N/A	N/A
U.S. Treasury notes	AAA+	617,611	35	N/A
Deposits with financial institutions	NR	1,993,096	N/A	N/A
Colorado Government Liquid Asset Trust (COLOTRUST)	AAAm	19,024,851	N/A	100.00%
		\$ 21,671,680		

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

Cash and cash equivalents:	
Governmental activities	\$ 4,421,067
Business-type activities	16,458,150
Restricted cash and cash equivalents	
Governmental activities	<u>792,463</u>
	<u><u>\$ 21,671,680</u></u>

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, CRS require 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, 2017, the District had deposits with financial institutions with a carrying amount of \$1,992,462. The bank balances with the financial institutions were \$2,020,712 of which \$355,086 was covered by federal depository insurance. The remaining balance of \$1,665,626 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 Colorado statutes which specify 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
- 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements *(Continued)*

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 \$617,611, which are measured using Level 2 inputs, and are reported as cash equivalents.

Local Government Investment Pools

At December 31, 2017, the District had invested \$19,024,851 in COLOTRUST, a local government investment pool. This balance is included in cash equivalents. As an investment pool, COLOTRUST operates under the 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 and 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.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, 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, 2017, the District had no investments exposed to custodial credit risk.

Interest Rate Risk

CRS limit 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

3. Capital Assets

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

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Governmental Activities				
Capital Assets, Not Being Depreciated				
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	95,256	398,138	(402,054)	91,340
Total Capital Assets, Not Being Depreciated	63,401,935	398,138	(402,054)	63,398,019
Capital Assets, Being Depreciated				
Parking lots	202,710	—	—	202,710
Parks, buildings and equipment	2,870,411	402,054	—	3,272,465
Concrete trails	1,439,434	—	—	1,439,434
Asphalt trails	302,064	—	—	302,064
Irrigation system	436,943	—	—	436,943
Office furniture and equipment	22,586	—	—	22,586
Total Capital Assets, Being Depreciated	5,274,148	402,054	—	5,676,202
Less Accumulated Depreciation For				
Parking lots	(195,572)	(4,759)	—	(200,331)
Parks, buildings and equipment	(2,095,809)	(111,598)	—	(2,207,407)
Concrete trails	(710,697)	(47,496)	—	(758,193)
Asphalt trails	(302,062)	—	—	(302,062)
Irrigation system	(308,363)	(11,242)	—	(319,605)
Office furniture and equipment	(22,586)	—	—	(22,586)
Total Accumulated Depreciation	(3,635,089)	(175,095)	—	(3,810,185)
Total Capital Assets Being Depreciated, Net	1,639,059	226,959	—	1,866,017
Governmental Activities Capital Assets, Net	\$ 65,040,994	\$ 625,097	\$ (402,054)	\$ 65,264,036

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (Continued)

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

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land and rights of way	\$ 103,115	\$ —	\$ —	\$ 103,115
Construction in progress	2,716,675	1,219,750	—	3,936,425
Total Capital Assets Not Being Depreciated	2,819,790	1,219,750	—	4,039,540
Capital Assets Being Depreciated				
Buildings and improvements	7,553,040	—	—	7,553,040
Landscaping, fencing, electrical	3,629,840	—	—	3,629,840
Ground water rights	6,936,728	—	—	6,936,728
Distribution system	18,900,558	—	—	18,900,558
Collection system	1,480,781	—	—	1,480,781
Water tanks	2,315,656	—	—	2,315,656
Machinery and equipment	8,844,034	—	—	8,844,034
Vehicles	150,726	—	—	150,726
Developer contributions*	17,226,659	—	—	17,226,659
PCWRA plant expansion	230,246	—	—	230,246
Total Capital Assets Being Depreciated	67,268,268	—	—	67,268,268
Less Accumulated Depreciation For				
Buildings and improvements	(2,776,109)	(227,209)	—	(3,003,318)
Landscaping, fencing, electrical	(1,672,136)	(105,928)	—	(1,778,064)
Ground water rights	(303,754)	(10,896)	—	(314,650)
Distribution system	(1,996,012)	(223,410)	—	(2,219,422)
Collection system	(406,389)	(14,808)	—	(421,197)
Water tanks	(961,624)	(46,313)	—	(1,007,937)
Machinery and equipment	(7,683,558)	(378,723)	—	(8,062,281)
Vehicles	(69,363)	(26,753)	—	(96,116)
Developer contributions*	(2,806,347)	(172,267)	—	(2,978,614)
PCWRA plant expansion	(202,485)	(11,513)	—	(213,998)
Total Accumulated Depreciation	(18,877,777)	(1,217,820)	—	(20,095,597)
Net capital assets being depreciated	48,390,491	(1,217,820)	—	47,172,671
Business-Type Activities Capital Assets, Net	\$ 51,210,281	\$ 1,930	\$ —	\$ 51,212,211

* 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 identify to 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	\$ 1,017,107
Wastewater	200,131
Storm drainage	<u>581</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,217,819</u>

4. Long-Term Debt

Governmental Activities Debt

Following is a summary of governmental activity debt transactions for the year ended December 31, 2017:

	Balance December 31,			Balance December 31,		Due Within One Year
	2016	Additions	Retirements	2017		
Governmental Activities						
2006A Limited Tax G.O. Fixed Rate Refunding Bonds	\$ 1,760,000	\$ —	\$ (1,760,000)	\$ —	\$ —	
2015 COPs Refunding Bond	20,945,000	—	(390,000)	20,555,000		410,000
2006A Refunding Bond Premium	2,177	—	(2,177)	—		—
2015 COPs Premium	593,334	—	(35,489)	557,845		34,669
Compensated absences	19,039	26,991	(25,643)	20,387		—
Total Governmental Activities	\$ 23,319,550	\$ 26,991	\$ (2,213,309)	\$ 21,133,232	\$	444,669

A description of the long-term debt as of December 31, 2017, is as follows:

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

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements *(Continued)*

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

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

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

The 2006A Bonds were paid in full by the District during the fiscal year ended December 31, 2017.

General Obligation Debt Authorization

As of December 31, 2017, the District had no authorized unissued general obligation debt. The District did not budget to issue any additional debt in 2018.

\$21,895,000 Refunding Certificates of Participation - 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
2018	\$ 410,000	\$ 823,806	\$ 1,233,806
2019	425,000	803,306	1,228,306
2020	445,000	782,056	1,227,056
2021	470,000	759,807	1,229,807
2022	485,000	743,356	1,228,356
2023 - 2027	2,820,000	3,327,281	6,147,281
2028 - 2032	3,490,000	2,658,369	6,148,369
2033 - 2037	4,155,000	1,994,181	6,149,181
2038 - 2042	4,970,000	1,177,369	6,147,369
2043 - 2045	2,885,000	186,200	3,071,200
	\$ 20,555,000	\$ 13,255,731	\$ 33,810,731

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Colorado Water Conservation Board Loan

The Colorado Water Conservation Board (CWCB) approved three loans 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. Subsequent to December 31, 2017, 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 one 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.

Business-Type Activities Debt

Following is a summary of business-type activity debt transactions for the year ended December 31, 2017:

	Balance December 31, 2016			Balance December 31, 2017			Due Within One Year
Business-Type Activities		Additions	Retirements				
CWCB loan payable	\$ —	\$ 343,858	\$ —	\$ 343,858	\$ 343,858	\$ —	
Compensated absences	25,065	29,492	(29,287)	25,270	25,270	—	
Total Business-Type Activities	\$ 25,065	\$ 373,350	\$ (29,287)	\$ 369,128	\$ 369,128	\$ 343,858	

5. District Agreements**Hidden Pointe Metropolitan District (Formerly Green Valley Water And Sanitation District)**

On June 2, 1994, the District entered into an amended service agreement and an agreement regarding mill levies with the Green Valley Water and Sanitation District. The agreements provide for the District to provide water and wastewater service for up to 216 single family equivalents to the property known as the Green Valley Subdivision. 216 Valley Group, LP or its successors are required to: (i) assess additional tap fees of \$2,000 per single family equivalent through 2002 and \$2,500 thereafter payable to the District, (ii) construct all required water and wastewater mains in the property and to the District boundary and convey such improvements to the District, (iii) impose a service charge for water and wastewater at 125% of the charges imposed by the District and (iv) impose a mill levy of up to 51.5 mills or the actual mill levy (22 mills) assessed for debt that existed at the time of the agreement. The resulting net revenues are to be remitted to the District until the longer of (a) 30 years from initiation of payments (until 2025) or (b) 20 years from first refinancing (2016). The agreement also provided for a decrease of 10 mills beginning in collection year 2014. The District received \$18,988 in 2017 for debt service related to this agreement.

Castle Pines North Golf Company

The District entered into an agreement with the Castle Pines North Golf Company (the Golf Club) on February 2, 1996 to provide and/or treat effluent for irrigation use by the Golf Club for 20 years. The Golf Club was entitled to a maximum use of 325 acre feet of water per year, at a rate of 750,000 gallons per day for the first 2 years from the date of the commencement without any charge. After the second anniversary of the commencement of irrigation, the Golf Club was entitled to 240 acre feet per year, provided the daily maximum remained the same. The District received certain improvements to its systems as compensation for this agreement. The revenue related to these improvements was recognized equally over the 20 years of the agreement. Effective January 1, 2016, the Ridge CPN, LLC, the successor in interest to the Golf Club, began leasing up to 240 acre feet of water per year from the District. During 2017, the District recorded \$180,430 of revenue related to the new agreement.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Plum Creek Water Reclamation Authority

The District, along with the Castle Pines Metropolitan District and the Town of Castle Rock are members of the Plum Creek Water Reclamation Authority (PCWRA). PCWRA was formed by an establishing agreement entered into by the Members dated December 14, 1989. The District owns treatment capacity in the PCWRA system. The District pays annually for operating costs and debt to maintain and upgrade the wastewater facilities, according to its percentage of flow of the total. PCWRA charged the District \$771,015 for 2017.

Reuter-Hess Reservoir Water Storage Space Intergovernmental Agreement

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

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

Also pursuant to the Reuter-Hess IGA, Parker Water constructed two outlet facilities (for the benefit of the participating entities) which enabled the Reservoir to operate as designed. Additionally, the Reuter-Hess IGA required Parker Water to (i) expand the Reservoir in accordance with applicable permits and (ii) enlarge the Reservoir's outlet pipe to accommodate the participating entities individual outlet capacities. Parker Water completed the expansion of the Reservoir, including the construction of the outlet structures, in January 2012, within the timeframe allowed in the Reuter-Hess IGA.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Hock Hocking Water Rights

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

The District currently uses its Hock Hocking water during the months of October through April when it can be collected, treated and delivered by Centennial Water and Sanitation District through the District's Interconnect Pipeline and Pump Station.

Centennial Water and Sanitation District

The District entered into an Intergovernmental Agreement with the Centennial Water and Sanitation District (CWSD) on January 27, 2010 (the CWSD IGA). The Agreement provides for CWSD to divert, transport, treat and deliver District owned South Platte water through CWSD facilities to a storage tank on the southern end of CWSD's distribution system. The District then transports the water to its customers through its Interconnect Pipeline. Water delivery is available between October 1st and April 30th of each year until December 31, 2059 and subject to future renewal by mutual agreement by both parties. The District and CWSD constructed separate capital assets to meet the obligations of the the CWSD IGA and delivery began in 2012. The District agreed to participate in the future expansion of mutually beneficial treatment facilities. Pursuant to the the CWSD IGA, CWSD is entitled to use up to 15% of District water supplied through its facilities. Each year from 2012 on, the District pays an annual capacity readiness fee of \$400,000 to CWSD, in addition to fees for treated water. In 2017, the District paid \$613,775 for services provided under the CWSD IGA.

6. Employee Pension Plan

Plan Description

The District participates in LGDTF, a cost-sharing multi-employer defined benefit pension fund administered by PERA. The net position liability, deferred outflows of resources, 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 are reported at fair value.

Eligible employees of the District are provided with pensions through LGDTF. 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 comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

In the 2018 regular session, the General Assembly made revisions to PERA in Senate Bill 2018-200 to eliminate potential unfunded pension liabilities by increasing retirement ages and years of service credit for hires after January 1, 2020. Additionally, the bill addresses changes in cost-of-living adjustments and created a Public Pension Legislative Oversight Committee.

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

- 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.

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. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the Denver Public School (DPS) benefit structure receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for LGDTF.

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. Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For The Year Ended December 31, 2017
Employer contribution rate	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund (HCTF) as specified in CRS § 24-51-208(1)(f)	(1.02)%
Amount apportioned to LGDTF	8.98%
Amortization equalization disbursement (AED) as specified in CRS § 24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in CRS 24-51-411	1.50%
Total employer contribution rate to LGDTF	12.68%

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 \$94,786 for the year ended December 31, 2017.

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

At December 31, 2017, the District reported a net pension liability of \$1,438,726 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on District contributions to LGDTF for the calendar years 2016 and 2015 relative to the total contributions of participating employers to LGDTF.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

At December 31, 2016, LGDTF's net pension liability was approximately \$1,350,341,000. At December 31, 2016, the District's proportion was 0.10655%, which was a decrease of 0.00259% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized pension expense and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 25,644	\$ —
Changes of assumptions or other inputs	102,052	4,262
Net difference between projected and actual earnings on pension plan investments	176,647	—
Changes in proportion and differences between contributions recognized and proportionate share of contributions	754	12,475
District contributions subsequent to the measurement date	94,786	—
Total	\$ 399,883	\$ 16,737

The \$94,786 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, 2018. 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>
2018	\$ 162,888
2019	63,898
2020	59,933
2021	1,641
	<u>\$ 288,360</u>

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90 - 10.85%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by AIR

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

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)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by AIR

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back one year and Females set back two years. Active member mortality was based upon the same mortality rates but adjusted to 55% of the base rate for males and 40% of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back two years for males and set back two years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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.

Healthy, post-retirement 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

- 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.

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. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50% per year, compounded annually, net of investment expenses to 7.25% per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80% per year to 2.40% per year.
- Real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90% per year to 3.50% per year.

Several factors were considered in evaluating the long-term rate of return assumption for the DPS benefit structure, 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

As of the November 15, 2016 adoption of the 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:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate Of Return*
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Emerging	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

* 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%.

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:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016
- 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 3.50%.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

- Employee contributions were assumed to be made at the current member contribution rate. 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 by law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the 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. As the ad hoc post-retirement benefit increases financed by AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), 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 end of the month.

CASTLE PINES NORTH METROPOLITAN DISTRICT

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%.

As of the prior measurement date, the long-term expected rate of return of 7.50% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50%.

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:

	1% Decrease (6.25%)	Current Discount Rate (7.25)%	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 2,121,336	\$ 1,438,726	\$ 873,451

Pension Plan Fiduciary Net Position

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

7. Postemployment Healthcare Benefits

Plan Description

The District contributes to 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 comprehensive annual 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.

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, 2017, 2016 and 2015, the District's employer contributions to HCTF were \$7,057, \$6,516 and \$6,322, respectively, equal to their required contributions for each year.

8. 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 the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the state legislature. PERA issues a publicly available comprehensive annual financial report for the program.

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, 2017, 2016 and 2015, the 401(k) Plan member contributions were \$18,261, \$19,452 and \$16,596, respectively.

9. 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.

10. 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 \$116,055 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.

11. Subsequent Events

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

Required Supplementary Information

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For The Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

	Original And Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2016 Actual
Revenues				
Property taxes	\$ 2,993,639	\$ 2,995,255	\$ 1,616	\$ 2,984,267
Specific ownership taxes	386,967	529,876	142,909	599,784
Conservation Trust Fund	48,000	46,715	(1,285)	52,436
Farm land revenue	40,200	40,000	(200)	40,000
Lease income	65,981	66,835	854	71,112
Oil royalty income	7,752	89,961	82,209	5,433
Earnings on investments	12,312	38,551	26,239	21,585
Miscellaneous income	22,000	110,102	88,102	32,654
Total Revenues	3,576,851	3,917,295	340,444	3,807,271
Expenditures				
General government:				
Salaries and wages	380,180	322,903	57,277	311,482
Employee benefits and taxes	179,664	139,595	40,069	119,270
Accounting, audit and legal	204,675	185,528	19,147	223,547
Other professional services	239,844	210,970	28,874	151,655
Utilities	37,250	28,925	8,325	31,709
Insurance	45,964	45,796	168	38,414
County collection fees	44,905	44,975	(70)	44,823
Memberships, training and subscriptions	13,400	13,540	(140)	8,877
Other office expenses	48,100	32,447	15,653	44,283
Repairs and maintenance	33,900	26,352	7,548	98,465
Total General Government	1,227,882	1,051,031	176,851	1,072,525
Parks and open space:				
Landscape maintenance contract	267,000	275,032	(8,032)	221,759
Landscape supplies	10,000	9,260	740	2,271
Repairs and maintenance	320,000	286,800	33,200	415,839
Utilities	277,516	343,864	(66,348)	298,794
Park services	9,000	10,126	(1,126)	9,904
Total Parks And Open Space	883,516	925,082	(41,566)	948,567
Capital outlay	488,126	398,138	89,988	95,256
Total Expenditures	2,599,524	2,374,251	225,273	2,116,348
Excess of revenues over expenditures	977,327	1,543,044	565,717	1,690,923
Other financing sources (uses):				
Transfers out, debt related	(6,313)	1,406	7,719	(10,000)
Proceeds from sale of assets	14,000	—	(14,000)	—
Transfers out, base rental expense	(1,236,246)	(1,234,688)	1,558	(1,234,728)
Total Other Financing Uses	(1,228,559)	(1,233,282)	(4,723)	(1,244,728)
Net Change In Fund Balance	(251,232)	309,762	560,994	446,195
Fund Balance - Beginning Of Year	4,103,409	4,280,765	177,356	3,834,570
Fund Balance - End Of Year	\$ 3,852,177	\$ 4,590,527	\$ 738,350	\$ 4,280,765

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, 2016 (Measurement Date)
Employee Pension Plan
Year Four¹**

	2016	2015	2014	2013
District's proportion of the net pension liability	0.10655%	0.10914%	0.10836%	0.89680%
District's proportionate share of the net pension liability	\$ 1,438,726	\$ 1,202,296	\$ 971,185	\$ 662,685
District's covered payroll	\$ 666,309	\$ 648,164	\$ 608,976	\$ 491,736
District's proportionate share of the net pension liability as a percentage of its covered payroll	215.92%	185.49%	159.48%	134.76%
Plan fiduciary net position as a percentage of the total pension	73.60%	76.90%	80.70%	77.66%

1. 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, 2017

Year Five¹

	2017		2016		2015		2014		2013	
Statutorily required contribution	\$	94,786	\$	81,004	\$	78,597	\$	75,288	\$	60,666
Contributions in relation to the statutorily required contributions		94,786		81,004		78,597		75,288		60,666
<u>Contribution deficiency (excess)</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>
Covered payroll	\$	691,876	\$	666,309	\$	648,164	\$	608,976	\$	491,736
Contributions as a percentage of covered payroll		13.70%		12.16%		12.13%		12.36%		12.34%

1. 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.

Other Supplementary Information

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For The Year Ended December 31, 2017

(With Comparative Totals For The Year Ended December 31, 2016)

	Original And Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2016 Actual
Revenues				
Property taxes	\$ 1,843,451	\$ 1,844,447	\$ 996	\$ 3,455,467
Intergovernmental revenues	18,988	18,988	—	134,028
Earnings on investments	4	2,517	2,513	2,487
Transfer from General Fund	6,313	—	(6,313)	—
Total Revenues	1,868,756	1,865,952	(2,804)	3,591,982
Expenditures				
County collection fees	27,652	27,695	(43)	51,901
Bond principal	1,760,000	1,760,000	—	3,325,000
Bond interest	74,800	74,800	—	230,363
Paying agent fees	2,300	2,307	(7)	2,300
Letter of credit fees	5,300	—	5,300	—
Total Expenditures	1,870,052	1,864,802	5,250	3,609,564
Excess (deficiency) of revenues over expenditures	(1,296)	1,150	2,446	(17,582)
Other Financing Sources (Uses)				
Transfers in, debt related	—	—	—	10,000
Transfers out, debt related	—	(1,406)	1,406	—
Total Other Financing Sources (Uses)	—	(1,406)	1,406	10,000
Net Change In Fund Balance	(1,296)	(256)	1,040	(7,582)
Fund Balance At Beginning Of Year	1,295	256	(1,039)	7,838
Fund Balance At End Of Year	\$ (1)	\$ —	\$ 1	\$ 256

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, 2017

(With Comparative Totals For The Year Ended December 31, 2016)

	Original And Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2016 Actual
Revenues				
Earnings on investments	\$ 60	\$ 1,618	\$ 1,558	\$ 78
Expenditures				
Principal	390,000	390,000	—	370,000
Interest and fees	846,306	846,306	—	864,806
Total Expenditures	1,236,306	1,236,306	—	1,234,806
Excess (deficiency) of revenues over expenditures	(1,236,246)	(1,234,688)	1,558	(1,234,728)
Other Financing Sources (Uses)				
Transfers in, base rental revenue	1,236,246	1,234,688	(1,558)	1,234,728
Change In Fund Balance	—	—	—	—
Fund Balance At Beginning Of Year	641,972	641,971	(1)	641,971
Fund Balance At End Of Year	\$ 641,972	\$ 641,971	\$ (1)	\$ 641,971

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, 2017

(With Comparative Totals For The Year Ended December 31, 2016)

Page 1 Of 2

	Original And Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2016 Actual
Revenues				
Water charges	\$ 3,731,752	\$ 5,226,351	\$ 1,494,599	\$ 3,909,177
Wastewater charges	1,756,575	1,886,218	129,643	1,702,877
Storm drainage charges	210,752	224,144	13,392	222,125
Capital improvement fees	1,447,178	1,470,099	22,921	1,397,350
Earnings on investments	33,030	157,722	124,692	77,842
Financing proceeds	2,000,000	343,858	(1,656,142)	—
Reimbursable income	100,000	149,034	49,034	260,217
Renewable water fees	704,626	1,028,881	324,255	—
Miscellaneous income	25,000	70,756	45,756	29,770
Grant revenue	—	—	—	142,500
Total Revenues	10,008,913	10,557,063	548,150	7,741,858
Expenditures				
Water Operations				
General overhead	415,256	222,755	192,501	273,590
Salaries and wages	182,381	186,361	(3,980)	181,045
Employee benefits and taxes	76,572	112,044	(35,472)	110,308
Memberships, training and subscriptions	10,200	6,924	3,276	5,372
Engineering	61,167	165,584	(104,417)	123,968
Repairs and maintenance	520,000	1,177,485	(657,485)	1,668,741
Utilities	887,366	724,679	162,687	763,290
Equipment and supplies	79,000	27,343	51,657	27,567
Treatment costs	—	7,014	(7,014)	10,083
Water rebates	12,500	7,010	5,490	4,515
Other projects	132,547	23,318	109,229	50,087
Capacity and delivery charges	558,500	—	—	—
Total Water Operations	2,935,489	2,660,517	(283,528)	3,218,566
Wastewater Operations				
General overhead	113,257	87,919	25,338	65,276
Salaries and wages	151,546	155,522	(3,976)	151,351
Employee benefits and taxes	62,298	90,793	(28,495)	89,400
Memberships, training and subscriptions	9,750	2,600	7,150	3,553
Engineering	38,000	96,786	(58,786)	104,887
Repairs and maintenance	161,000	148,058	12,942	178,035
Utilities	91,062	63,809	27,253	75,106
Equipment, supplies and other projects	5,500	2,013	3,487	1,075
Treatment costs	762,622	708,792	53,830	670,660
Total Wastewater Operations	1,395,035	1,356,292	38,743	1,339,343

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, 2017

(With Comparative Totals For The Year Ended December 31, 2016)

Page 2 Of 2

	Original And Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2016 Actual
Expenditures (Continued)				
Storm Drainage Operations				
General overhead	\$ 40,989	\$ 17,382	\$ 23,607	\$ 23,587
Salaries and wages	33,769	34,119	(350)	33,023
Employee benefits and taxes	14,815	22,567	(7,752)	22,208
Engineering	15,000	—	15,000	836
Repairs and maintenance	81,100	36,757	44,343	656,835
Equipment, supplies and other projects	2,000	1,194	806	1,247
Total Storm Drainage Operations	187,673	112,019	75,654	737,736
Capital outlay	5,109,062	1,219,750	3,889,312	414,053
Total Expenditures	9,627,259	5,348,578	4,278,681	5,709,698
Change In Net Position - Budgetary Basis	381,654	5,208,485	4,826,831	2,032,160
Reconciliation To GAAP Basis				
Financing proceeds	(2,000,000)	(343,858)	1,656,142	—
Capital outlay	1,219,750	1,219,750	—	414,053
Depreciation	(1,217,820)	(1,217,819)	(1)	(1,298,764)
Change In Net Position - GAAP Basis	(1,616,416)	4,866,558	6,482,974	1,147,449
Net Position At Beginning Of Year	62,341,978	62,341,978	—	61,194,529
Net Position At End Of Year	\$ 60,725,562	\$ 67,208,536	\$ 6,482,974	\$ 62,341,978

**Continuing Disclosure
Annual Financial Information Required
By The \$21,895,000 Refunding Certificates
Of Participation, Series 2015**

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE TABLE II (COPS SERIES 2015) HISTORY OF DISTRICT ASSESSED VALUATION, MILL LEVIES AND TAX COLLECTIONS (UNAUDITED)

Levy/ Collection Year	Assessed Valuation (1)	Percentage Change	General Fund Mill Levy	Bond Fund Mill Levy (2)	Taxes Levied	Tax Collections (3)	Percentage Of Tax Collections To Levied (4)
2009/2010	\$ 145,738,180	0.00%	19	22	\$ 5,975,265	\$ 5,959,166	99.73%
2010/2011	146,720,630	0.67%	19	22	6,015,546	6,008,857	99.89%
2011/2012	130,150,150	-11.29%	19	22	5,336,156	5,309,456	99.50%
2012/2013	130,612,920	0.36%	19	22	5,335,130	5,268,294	98.75%
2013/2014	133,803,323	2.44%	19	22	5,485,936	5,467,735	99.67%
2014/2015	134,903,840	0.82%	19	22	5,531,056	5,525,467	99.90%
2015/2016	159,003,720	17.86%	19	22	6,519,153	6,439,733	98.78%
2016/2017	157,559,940	-0.91%	19	11.7	4,837,090	4,839,702	100.05%
2017/2018	164,274,740	4.26%	19	0	3,121,220	N/A	N/A

1. Includes New Growth Assessed Valuation

2. Levied for payment of and pledged to the District's Limited Tax General Obligation Refunding Bonds, Series 2006A and 2006B. No tax revenue derived from such mill levies is pledged to the 2015 Certificates.

3. Figures include current and delinquent tax collections, penalties and (prior to 2010) interest. Treasurer's fees have not been deducted from these amounts.

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

Source: Douglas County Assessor's Office.

CASTLE PINES NORTH METROPOLITAN DISTRICT

**CONTINUING DISCLOSURE
TABLE III (COPS SERIES 2015)
ASSESSED AND “ACTUAL” VALUATION OF CLASSES
OF PROPERTY IN THE DISTRICT (UNAUDITED)**

Class	Assessed Valuation	Percent Of Assessed Valuation	Actual Valuation	Percent Of Actual Valuation
Residential	\$ 135,591,790	82.54%	\$1,883,220,977	95.01%
Commercial	20,708,880	12.61%	71,410,049	3.60%
Vacant	4,618,220	2.81%	15,924,640	0.80%
State assessed	18,500	0.01%	63,980	0.00%
Agricultural	2,260	0.00%	7,809	0.00%
Other natural resources	1,010	0.00%	3,537	0.00%
Personal property	3,334,080	2.03%	11,497,087	0.58%
	\$ 164,274,740	100.00%	\$1,982,128,079	100.00%

Source: Douglas County Assessor's Office -> Taxing Authorities -> Certification Reports

**TABLE IV (COPS SERIES 2015)
SAMPLE TOTAL 2017 MILL LEVY¹ (UNAUDITED)**

Taxing Entity	Mill Levy
Cherry Creek Basin Water Authority	0.453
Douglas County	19.774
City of Castle Pines	4.500
Douglas County Library	4.021
Douglas County School District RE-1	38.996
South Metro Fire Rescue	9.250
Urban Drainage & Flood Control District	0.500
Urban Drainage & Flood South Platte	0.057
Sample Overlapping Mill Levy	77.551
Castle Pines North Metropolitan District	19.000
Sample Total Mill Levy	96.551

1. One mill equals 1/10 of one cent. Mill levies certified in 2017 are for the collection of ad valorem property taxes in 2018.

Source: Douglas County Assessor's Office

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE TABLE V (COPS SERIES 2015) 2017 WATER AND SEWER CUSTOMER INFORMATION (UNAUDITED)

Customer Class	Water Customers		Sewer Customers	
	Inside District	Outside District	Inside District	Outside District
Residential	3,208	236	3,260	233
Commercial	59	—	58	—
Irrigation	86	4	—	—
	3,353	240	3,318	233

Source: The District's Billing System

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE TABLE VIII (COPS SERIES 2015) HISTORY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE¹ (UNAUDITED)

	2014	2015	2016	2017
Revenues				
Property taxes	\$ 2,533,828	\$ 2,560,582	\$ 2,984,267	\$ 2,995,255
Specific ownership taxes	492,208	531,810	599,784	529,876
Earnings on investments	6,044	7,437	19,153	36,485
Farmland revenue	40,200	40,200	40,000	40,000
Oil royalty revenue	4,690	2,988	5,433	89,961
Miscellaneous income	16,318	19,477	24,754	110,102
Cell phone lease revenue	64,215	69,093	71,113	66,835
Total Revenues	3,157,503	3,231,587	3,744,504	3,868,514
Expenditures				
General government	619,014	678,981	778,740	701,010
Parks and open space	958,640	1,125,523	1,242,357	1,275,103
Capital outlay	8,423	28,440	37,889	145,125
Total Expenditures	1,586,077	1,832,944	2,058,986	2,121,238
Excess Of Revenues Over Expenditures	1,571,426	1,398,643	1,685,518	1,747,276
Other Financing Sources (Uses)				
Transfers out/base rental expense	(883,868)	(1,388,465)	(1,244,728)	(1,233,282)
Proceeds from sale of capital assets	10,500	—	7,900	—
Total Other Financing Uses	(873,368)	(1,388,465)	(1,236,828)	(1,233,282)
Net Change In Fund Balance	698,058	10,178	448,690	513,994
Fund Balance At Beginning Of Year	2,770,269	3,468,327	3,478,505	3,927,195
Fund Balance At End Of Year	\$ 3,468,327	\$ 3,478,505	\$ 3,927,195	\$ 4,441,189

1. Excludes Conservation Trust Fund, Finance Corporation Fund and 2015 COP Fund activity.

Source: District's 2014 - 2017 financial statements.

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE TABLE VII (COPS SERIES 2015)

GENERAL FUND BUDGET SUMMARY AND COMPARISON¹ (UNAUDITED)

	2018 Budget	2017 Budget	2017 Actual
Revenues			
Property taxes	\$ 3,121,220	\$ 2,993,639	\$ 2,995,255
Specific ownership taxes	312,122	386,967	529,876
Earnings on investments	36,630	11,541	36,485
Farm land revenue	40,000	40,200	40,000
Oil royalty revenue	20,000	7,752	89,961
Miscellaneous income	30,000	22,000	110,102
Cell phone lease revenue	65,981	65,982	66,835
Total Revenues	3,625,953	3,528,081	3,868,514
Expenditures			
General government	835,426	793,220	701,010
Parks and open space	1,305,327	1,318,177	1,275,103
Capital outlay	105,000	183,000	145,125
Total Expenditures	2,245,753	2,294,397	2,121,238
Excess Of Revenues Over Expenditures	1,380,200	1,233,684	1,747,276
Other Financing Sources (Uses)			
Transfers out/base rental expense	(1,236,506)	(1,242,559)	(1,233,282)
Proceeds from sale of capital assets	—	14,000	—
Total Other Financing Uses	(1,236,506)	(1,228,559)	(1,233,282)
Net Change In Fund Balance	143,694	5,125	513,994
Fund Balance At Beginning Of Year	4,441,189	3,847,052	3,927,195
Fund Balance At End Of Year	\$ 4,584,883	\$ 3,852,177	\$ 4,441,189

1. General Fund excludes the Conservation Trust Fund and 2015 COPs Fund.

Source: District's 2017 audited financial statements and the District's 2017 and 2018 adopted budgets.

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE TABLE VII (COPS SERIES 2015) ASSESSED AND “ACTUAL” VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT (UNAUDITED)

Obligation	Principal General Obligation Debt Outstanding
No general obligation debt is currently outstanding (Series 2006A)	\$ —

Source: District’s 2017 audited financial statements

TABLE IX (COPS SERIES 2015) ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT¹ (UNAUDITED)

Overlapping Entity	Outstanding General Obligation Debt	Percentage Applicable To District ²	Amount Applicable To District
Douglas County School District RE-1	\$ 305,059,570	2.79%	\$ 8,515,733

1. Douglas County School District RE1 fiscal year is July 1, 2016 to June 30, 2017.
2. Percentage applicable to District is calculated by taking 2016 Assessed Valuation of District over Assessed Valuation of Douglas County School District RE-1.

Source: Douglas County Assessor's Office and individual entities

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE

COPS SERIES 2015

2017 TEN LARGEST CUSTOMERS OF THE WATER SYSTEM (RANKED BY REVENUE) (UNAUDITED)

Customer	Water Consumption (Gallons)	Percent Of Total Water Consumption	Total User Charge Revenue Collected	Percent Of Total User Charges Collected
1 The Ridge at Castle Pines	65,350,000	12.07%	\$ 185,888	3.52%
2 Avant	16,028,000	2.96%	123,205	2.34%
3 Land Title	5,047,000	0.93%	60,010	1.14%
4 Castle Pines North Homeowners Association II	4,654,000	0.86%	55,599	1.05%
5 Castle Pines North Homeowners Association I	5,603,000	1.04%	55,403	1.05%
6 Sheridan Castle Pines LLC	3,015,000	0.56%	50,432	0.96%
7 Canterbury Park HOA	5,431,000	1.00%	50,294	0.95%
8 Village Square at Castle Pines	4,828,000	0.89%	44,511	0.84%
9 Bramleridge HOA	5,662,000	1.05%	36,675	0.70%
10 First American Title	3,062,000	0.57%	34,059	0.65%
Total	118,680,000	21.93%	\$ 696,076	13.20%

Source: The District's Billing System

COPS SERIES 2015

2017 TEN LARGEST CUSTOMERS OF THE SEWER SYSTEM (RANKED BY REVENUE) (UNAUDITED)

Customer	Total User Charge Revenue Collected	Percent Of Total User Charges Collected
1 Avant	\$ 66,544	3.94%
2 Canterbury Park HOA	31,863	1.89%
3 Village Square at Castle Pines	24,193	1.43%
4 Land Title	21,044	1.25%
5 Villa Carriage Homes HOA	20,409	1.21%
6 Kroger Utilities	18,880	1.12%
7 First American Title	15,046	0.89%
8 Twin Star Energy LLC	9,316	0.55%
9 First Integrity Title	6,979	0.41%
10 Castle Pines Marketplace, LLC	6,373	0.38%
Total	\$ 220,647	13.08%

Source: The District's Billing System