
CASTLE PINES NORTH
METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2018

Contents

	Page
Independent Auditors' Report	1 - 3
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement Of Net Position	4
Statement Of Activities	5
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	6
Reconciliation Of The Governmental Funds Balance Sheet With The Government-Wide Statement Of Net Position.....	7
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	8
Reconciliation Of The Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balances With The Government-Wide Statement Of Activities.....	9
Statement Of Net Position - Enterprise Funds	10
Statement Of Revenues, Expenses And Changes In Net Position - Enterprise Funds.....	11 - 12
Statement Of Cash Flows - Enterprise Funds	13
Notes To Financial Statements.....	14 - 45
Required Supplementary Information	
Schedule Of Revenues, Expenditures And Changes In Fund Balance (Budget And Actual) - General Fund.....	46
Schedule Of The District's Proportionate Share Of The Net Pension Liability - Cost-Sharing Defined Benefit Plan	47
Schedule Of The District's Contributions - Cost-Sharing Defined Benefit Plan	48

Contents

Page

Other Supplementary Information:

Schedule Of Revenues, Expenditures And Changes In Fund Balance (Budget And Actual) - 2015 COPs Fund.....	49
Schedule Of Revenues, Expenditures And Changes In Net Position (Budget And Actual) - Enterprise Funds	50 - 51

Continuing Disclosure:

Annual Financial Information Required By The \$21,895,000 Refunding Certificates Of Participation, Series 2015	52 - 58
---	---------



Independent Auditors' Report

RubinBrown LLP
Certified Public Accountants &
Business Consultants

1900 Sixteenth Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Board of Directors
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 Castle Pines North Metropolitan District (the District), as of and for the year ended December 31, 2018, 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, 2018, 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

We have previously audited the District's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund on page 46, schedule of the District's proportionate share of the net pension liability - cost-sharing defined benefit plans on page 47 and schedule of the District's contributions - cost-sharing defined benefit plans on page 48 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 individual fund financial schedules on pages 49 through 51 and continuing disclosure section on pages 52 through 58 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The individual fund financial 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 individual fund financial schedules are 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

July 12, 2019

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2018

(With Comparative Totals For December 31, 2017)

	Governmental Activities	Business-Type Activities	Total 2018	Total 2017
Assets				
Cash and cash equivalents	\$ 4,944,412	\$ 23,453,528	\$ 28,397,940	\$ 20,879,217
Cash and cash equivalents - restricted	842,496	—	842,496	792,463
Property taxes receivable	3,162,091	—	3,162,091	3,121,220
Accounts receivable - services	—	677,047	677,047	649,647
Accounts receivable - other	22,383	10,599	32,982	118,982
Prepaid items	76,863	491,708	568,571	125,055
Capital assets, not being depreciated	63,517,485	12,609,870	76,127,355	67,437,559
Capital assets, net of accumulated depreciation	1,703,246	46,052,800	47,756,046	49,038,688
Total Assets	74,268,976	83,295,552	157,564,528	142,162,831
Deferred Outflows Of Resources				
Deferred loss on refunding	142,155	—	142,155	151,575
Deferred outflows relating to pensions	146,404	167,870	314,274	399,883
Total Deferred Outflows Of Resources	288,559	167,870	456,429	551,458
Liabilities				
Accounts payable	141,460	367,589	509,049	350,936
Accrued compensated absences	18,418	22,968	41,386	45,657
Accrued expenses	—	55,281	55,281	59,465
Unearned revenue	—	2,402	2,402	—
Accrued interest payable on long-term debt	66,942	—	66,942	68,651
Long-term debt payable - less than one year	459,806	4,084,749	4,544,555	788,527
Long-term debt payable - greater than one year	20,208,370	3,895,000	24,103,370	20,668,176
Net pension liability	568,876	652,277	1,221,153	1,438,726
Total Liabilities	21,463,872	9,080,266	30,544,138	23,420,138
Deferred Inflows Of Resources				
Deferred property taxes	3,162,091	—	3,162,091	3,121,220
Deferred inflows of resources relating to pensions	164,720	188,868	353,588	16,737
Total Deferred Inflows Of Resources	3,326,811	188,868	3,515,679	3,137,957
Net Position				
Net investment in capital assets	44,694,710	50,682,921	95,377,631	95,171,119
Restricted for:				
Emergency reserve	117,892	—	117,892	116,055
Debt service	641,971	—	641,971	641,971
Conservation Trust Fund	200,525	—	200,525	149,336
Unrestricted	4,111,754	23,511,367	27,623,121	20,077,713
Total Net Position	\$ 49,766,852	\$ 74,194,288	\$ 123,961,140	\$ 116,156,194

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2018 With Comparative Totals For The Year Ended December 31, 2017

Functions/Programs	Total Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position		Total 2018	Total 2017
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities								
General government	\$ 1,391,788	\$ 391,156	\$ —	\$ —	\$ (1,000,632)	\$ —	\$ (1,000,632)	\$ (1,084,936)
Parks and open space	905,660	—	47,589	—	(858,071)	—	(858,071)	(878,367)
Interest and related costs on long-term debt	869,185	—	—	—	(869,185)	—	(869,185)	(946,788)
Total Governmental Activities	3,166,633	391,156	47,589	—	(2,727,888)	—	(2,727,888)	(2,910,091)
Business-Type Activities								
Water	4,042,254	8,640,276	—	1,484,956	—	6,082,978	6,082,978	4,052,617
Wastewater	2,209,301	2,335,699	—	—	—	126,398	126,398	329,795
Storm drainage	42,191	226,549	—	—	—	184,358	184,358	111,544
Total Business-Type Activities	6,293,746	11,202,524	—	1,484,956	—	6,393,734	6,393,734	4,493,956
Total	\$ 9,460,379	\$ 11,593,680	\$ 47,589	\$ 1,484,956	(2,727,888)	6,393,734	3,665,846	1,583,865
General Revenues								
Taxes:								
Property taxes					3,119,030	—	3,119,030	4,839,702
Specific ownership taxes					330,071	—	330,071	529,876
Miscellaneous income					23,339	183,955	207,294	324,982
Earnings on investments					74,642	408,063	482,705	200,408
Total General Revenues					3,547,082	592,018	4,139,100	5,894,968
Changes In Net Position					819,194	6,985,752	7,804,946	7,478,833
Net Position At Beginning Of Year					48,947,658	67,208,536	116,156,194	108,677,361
Net Position At End Of Year					\$ 49,766,852	\$ 74,194,288	\$ 123,961,140	\$ 116,156,194

CASTLE PINES NORTH METROPOLITAN DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS**December 31, 2018****(With Comparative Totals For December 31, 2017)**

	General	2015 COPs	2018 Total	2017 Total
Assets				
Cash and cash equivalents	\$ 4,944,412	\$ —	\$ 4,944,412	\$ 4,421,067
Cash and cash equivalents - restricted	200,525	641,971	842,496	792,463
Property taxes receivable	3,162,091	—	3,162,091	3,121,220
Other receivables	22,383	—	22,383	1,900
Prepaid items	76,863	—	76,863	53,162
Total Assets	\$ 8,406,274	\$ 641,971	\$ 9,048,245	\$ 8,389,812
Liabilities				
Accounts payable	\$ 141,460	\$ —	\$ 141,460	\$ 36,094
Deferred Inflows Of Resources				
Deferred property taxes	3,162,091	—	3,162,091	3,121,220
Fund Balances				
Nonspendable:				
Prepaid items	76,863	—	76,863	53,162
Restricted for:				
Emergency reserve	117,892	—	117,892	116,055
Debt service	—	641,971	641,971	641,971
Conservation Trust Fund	200,525	—	200,525	149,336
Unassigned	4,707,443	—	4,707,443	4,271,974
Total Fund Balance	5,102,723	641,971	5,744,694	5,232,498
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 8,406,274	\$ 641,971	\$ 9,048,245	\$ 8,389,812

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

December 31, 2018
(With Comparative Totals For December 31, 2017)

	<u>2018</u>	<u>2017</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance - governmental funds	\$ 5,744,694	\$ 5,232,498
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.		
Capital assets	\$ 69,193,687	
Accumulated depreciation	<u>(3,972,956)</u>	65,220,731
		65,264,036
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	(523,176)	
COPs payable	(20,145,000)	
Deferred loss on refunding, net of amortization	142,155	
Accrued compensated absences	(18,418)	
Accrued interest payable - long-term debt	<u>(66,942)</u>	(20,611,381)
		(21,050,308)
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	(568,876)	
Deferred outflows of resources relating to pensions	146,404	
Deferred inflows of resources relating to pensions	<u>(164,720)</u>	(587,192)
		(498,568)
Total Net Position - Governmental Activities	<u>\$ 49,766,852</u>	<u>\$ 48,947,658</u>

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For The Year Ended December 31, 2018

(With Comparative Totals For The Year Ended December 31, 2017)

	General	2015 COPs	Total	Total
Revenues				
Property taxes	\$ 3,119,030	\$ —	\$ 3,119,030	\$ 4,839,702
Specific ownership taxes	330,071	—	330,071	529,876
Conservation Trust Fund	47,589	—	47,589	46,715
Intergovernmental revenues	—	—	—	18,988
Farm land revenue	42,710	—	42,710	40,000
Lease income	74,058	—	74,058	66,835
Oil royalty income	274,388	—	274,388	89,961
Earnings on investments	66,139	8,503	74,642	42,686
Miscellaneous income	23,339	—	23,339	110,102
Total Revenues	3,977,324	8,503	3,985,827	5,784,865
Expenditures				
General government	1,211,700	—	1,211,700	1,078,726
Parks and open space	905,660	—	905,660	925,082
Capital outlay	119,466	—	119,466	398,138
Debt service:				
Principal	—	410,000	410,000	2,150,000
Interest and fees	—	826,805	826,805	923,413
Total Expenditures	2,236,826	1,236,805	3,473,631	5,475,359
Excess (Deficiency) Of Revenues Over (Under) Expenditures	1,740,498	(1,228,302)	512,196	309,506
Other Financing Sources (Uses)				
Transfers out/in, base rental	(1,228,302)	1,228,302	—	—
Net Change In Fund Balances	512,196	—	512,196	309,506
Fund Balance At Beginning Of Year	4,590,527	641,971	5,232,498	4,922,992
Fund Balance At End Of Year	\$ 5,102,723	\$ 641,971	\$ 5,744,694	\$ 5,232,498

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, 2018

(With Comparative Totals For The Year Ended December 31, 2017)

		2018	2017
Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - governmental funds	\$	512,196	\$ 309,506
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	\$	119,466	
Depreciation expense		(162,771)	(43,305) 223,043
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Change in accrued interest payable		1,709	
Change in compensated absences		(1,348)	
Amortization of loss on refunding		(9,420)	
Amortization of bond premium		(34,669)	(43,728) (43,762)
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.		410,000	2,150,000
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.		(15,969)	(26,512)
Change In Net Position Of Governmental Activities	\$	819,194	\$ 2,612,275

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION - ENTERPRISE FUNDS

December 31, 2018

(With Comparative Totals For December 31, 2017)

	Water	Wastewater	Storm Drainage	2018 Total	2017 Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 21,375,588	\$ 1,527,028	\$ 550,912	\$ 23,453,528	\$ 16,458,150
Accounts receivable - services	447,533	203,127	26,387	677,047	649,647
Accounts receivable - other	—	10,599	—	10,599	117,082
Prepaid expenses	464,180	22,022	5,506	491,708	71,893
Total Current Assets	22,287,301	1,762,776	582,805	24,632,882	17,296,772
Capital Assets					
Property, plant and equipment	63,449,228	16,359,082	36,440	79,844,750	71,307,807
Accumulated depreciation	(18,079,996)	(3,072,914)	(29,170)	(21,182,080)	(20,095,596)
Total Capital Assets	45,369,232	13,286,168	7,270	58,662,670	51,212,211
Total Assets	67,656,533	15,048,944	590,075	83,295,552	68,508,983
Deferred Outflows Of Resources					
Deferred outflows of resources relating to pensions	82,360	77,183	8,327	167,870	211,012
Liabilities					
Current Liabilities					
Accounts payable	86,913	255,541	25,135	367,589	314,842
Accrued expenses	55,281	—	—	55,281	59,465
Unearned revenue	2,402	—	—	2,402	—
Long-term debt payable - less than one year	3,854,749	230,000	—	4,084,749	343,858
Accrued compensated absences	9,322	9,255	4,391	22,968	25,270
Total Current Liabilities	4,008,667	494,796	29,526	4,532,989	743,435
Long-Term Liabilities					
Net pension liability	320,016	299,906	32,355	652,277	759,192
Long-term debt payable - greater than one year	—	3,895,000	—	3,895,000	—
Total Long-Term Liabilities	320,016	4,194,906	32,355	4,547,277	759,192
Total Liabilities	4,328,683	4,689,702	61,881	9,080,266	1,502,627
Deferred Inflows Of Resources					
Deferred inflows of resources relating to pensions	92,661	86,838	9,369	188,868	8,832
Net Position					
Net investment in capital assets	41,514,483	9,161,168	7,270	50,682,921	50,868,353
Unrestricted	21,803,066	1,188,419	519,882	23,511,367	16,340,183
Total Net Position	\$ 63,317,549	\$ 10,349,587	\$ 527,152	\$ 74,194,288	\$ 67,208,536

CASTLE PINES NORTH METROPOLITAN DISTRICT

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

For The Year Ended December 31, 2018

(With Comparative Totals For The Year Ended December 31, 2017)

Page 1 Of 2

	Water	Wastewater	Storm Drainage	2018 Total	2017 Total
Operating Revenues					
Water charges	\$ 7,299,110	\$ —	\$ —	\$ 7,299,110	\$ 5,226,351
Wastewater charges	—	2,335,699	—	2,335,699	1,886,218
Storm drainage charges	—	—	226,549	226,549	224,144
Total Operating Revenues	7,299,110	2,335,699	226,549	9,861,358	7,336,713
Operating Expenses					
Water Operations					
General overhead	382,068	—	—	382,068	222,755
Salaries and wages	214,806	—	—	214,806	186,361
Employee benefits and taxes	140,040	—	—	140,040	112,044
Memberships, training and subscriptions	5,700	—	—	5,700	6,924
Engineering	134,051	—	—	134,051	165,584
Repairs and maintenance	1,326,564	—	—	1,326,564	1,177,485
Utilities	822,221	—	—	822,221	724,679
Equipment and supplies	42,011	—	—	42,011	27,343
Treatment costs	8,291	—	—	8,291	7,014
Water rebates	5,018	—	—	5,018	7,010
Other projects	30,408	—	—	30,408	23,318
Total Water Operations	3,111,178	—	—	3,111,178	2,660,517
Wastewater Operations					
General overhead	—	254,941	—	254,941	87,919
Salaries and wages	—	195,399	—	195,399	155,522
Employee benefits and taxes	—	158,371	—	158,371	90,793
Memberships, training and subscriptions	—	2,604	—	2,604	2,600
Engineering	—	496,599	—	496,599	96,786
Repairs and maintenance	—	172,338	—	172,338	148,058
Utilities	—	72,433	—	72,433	63,809
Equipment and supplies	—	5,031	—	5,031	2,013
Treatment costs	—	663,372	—	663,372	708,792
Total Wastewater Operations	—	2,021,088	—	2,021,088	1,356,292
Storm Drainage Operations					
General overhead	—	—	17,017	17,017	17,382
Salaries and wages	—	—	4,726	4,726	41,409
Employee benefits and taxes	—	—	13,312	13,312	15,277
Engineering	—	—	5,000	5,000	—
Repairs and maintenance	—	—	—	—	36,757
Equipment and supplies	—	—	1,554	1,554	1,194
Total Storm Drainage Operations	—	—	41,609	41,609	112,019
Total Operating Expenses	3,111,178	2,021,088	41,609	5,173,875	4,128,828
Operating income before depreciation	4,187,932	314,611	184,940	4,687,483	3,207,885
Depreciation	931,076	188,213	582	1,119,871	1,217,819

See the notes to financial statements.

Page 11

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS For The Year Ended December 31, 2018 (With Comparative Totals For The Year Ended December 31, 2017) Page 2 Of 2

	Water	Wastewater	Storm Drainage	2018 Total	2017 Total
Operating Income	\$ 3,256,856	\$ 126,398	\$ 184,358	\$ 3,567,612	\$ 1,990,066
Nonoperating Revenues					
Earnings on investments	357,137	41,983	8,943	408,063	157,722
Reimbursable income	117,829	—	—	117,829	149,034
Miscellaneous revenue	38,899	27,227	—	66,126	70,756
Renewable water investment	1,341,166	—	—	1,341,166	1,028,881
Total Nonoperating Revenues	1,855,031	69,210	8,943	1,933,184	1,406,393
Income Before Capital Contributions And Transfers	5,111,887	195,608	193,301	5,500,796	3,396,459
Capital improvement charges	1,484,956	—	—	1,484,956	1,470,099
Change In Net Position	6,596,843	195,608	193,301	6,985,752	4,866,558
Net Position At Beginning Of Year	56,720,706	10,153,979	333,851	67,208,536	62,341,978
Net Position At End Of Year	\$ 63,317,549	\$ 10,349,587	\$ 527,152	\$ 74,194,288	\$ 67,208,536

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

For The Year Ended December 31, 2018

(With Comparative Totals For The Year Ended December 31, 2017)

	Water	Wastewater	Storm Drainage	2018 Total	2017 Total
Cash Flows From Operating Activities					
Receipts from customers and others	\$ 7,430,187	\$ 2,290,096	\$ 222,560	\$ 9,942,843	\$ 7,317,704
Payments to suppliers	(3,275,384)	(1,522,711)	(20,378)	(4,818,473)	(3,541,247)
Payments to employees	(301,643)	(270,368)	(40,682)	(612,693)	(528,363)
Net Cash Flows Provided By Operating Activities	3,853,160	497,017	161,500	4,511,677	3,248,094
Cash Flows From Noncapital Financing Activities					
Miscellaneous revenue	156,728	27,227	—	183,955	219,790
Renewable water investment	1,341,166	—	—	1,341,166	1,028,881
Net Cash Flows Provided By Noncapital Financing Activities	1,497,894	27,227	—	1,525,121	1,248,671
Cash Flows From Capital And Related Financing Activities					
Capital contributions	1,484,956	—	—	1,484,956	1,470,099
Principal proceeds on loans	3,510,891	4,125,000	—	7,635,891	343,858
Acquisition of capital assets	(3,620,005)	(4,950,325)	—	(8,570,330)	(1,219,750)
Net Cash Flows Provided By (Used In) Capital And Related Financing Activities	1,375,842	(825,325)	—	550,517	594,207
Cash Flows Provided By Investing Activities					
Earnings on investments	357,137	41,983	8,943	408,063	157,722
Net Increase In Cash And Cash Equivalents	7,084,033	(259,098)	170,443	6,995,378	5,248,694
Cash And Cash Equivalents, Beginning Of Year	14,291,555	1,786,126	380,469	16,458,150	11,209,456
Cash And Cash Equivalents, End Of Year	\$ 21,375,588	\$ 1,527,028	\$ 550,912	\$ 23,453,528	\$ 16,458,150
Reconciliation Of Operating Income To Net Cash Flows From Operating Activities					
Operating income	\$ 3,256,856	\$ 126,398	\$ 184,358	\$ 3,567,612	\$ 1,990,066
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	931,076	188,213	582	1,119,871	1,217,819
Changes in operating assets and liabilities:					
Accounts receivable	128,675	(45,603)	(3,989)	79,083	(19,009)
Prepaid items	(419,709)	(84)	(22)	(419,815)	(71,893)
Accounts payable	(154,624)	204,156	3,215	52,747	(1,397)
Accrued expenses	55,281	(59,465)	—	(4,184)	59,465
Deferred revenue	2,402	—	—	2,402	—
Accrued compensated absences	(1,085)	(881)	(336)	(2,302)	205
Net pension liability and related deferred inflows/outflows of resources	54,288	84,283	(22,308)	116,263	72,838
Net Cash Flows Provided By Operating Activities	\$ 3,853,160	\$ 497,017	\$ 161,500	\$ 4,511,677	\$ 3,248,094

CASTLE PINES NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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 District has several agreements with various entities to provide additional water resources for the community.

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

Reporting Entity

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

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

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

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

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, 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. As of December 31, 2017, all activity within this fund had been completed, and fund balance closed out.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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

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, 2017, 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 inflow of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources are recognized as revenue, and the receivable is reduced.

Capital Assets

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

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

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. 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.

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, 2018, follows:

	S&P Rating	Fair Value	Weighted Ave. Maturity Date (In Days)	Concentration Of Credit Risk
Cash on hand	NR	\$ 33	N/A	N/A
Cash with county treasurer	NR	31,581	N/A	N/A
U.S. Treasury notes	AAAm	619,670	34	N/A
Deposits with financial institutions	NR	2,176,405	N/A	N/A
Colorado Government Liquid Asset Trust (COLOTRUST)	AAAm	26,412,747	N/A	100.00%
		\$ 29,240,436		

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

Cash and cash equivalents:	
Governmental activities	\$ 4,944,412
Business-type activities	23,453,528
Restricted cash and cash equivalents:	
Governmental activities	842,496
	<u>\$ 29,240,436</u>

Custodial Credit Risk - Deposits

Colorado State Statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, CRS requires the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2018, the District had deposits with financial institutions with a carrying amount of \$2,176,405. The bank balances with the financial institutions were \$2,781,408 of which \$351,801 was covered by federal depository insurance. The remaining balance of \$2,429,607 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 State 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 \$619,670, which is measured using Level 2 inputs and is reported as cash equivalents.

Local Government Investment Pools

At December 31, 2018, the District had invested \$26,412,747 in COLOTRUST, a local government investment pool. This balance is included in cash equivalents. As an investment pool, COLOTRUST operates under CRS 24-75-701 and is overseen by the Colorado Securities Commissioner. COLOTRUST is exempt from registration with the Securities and Exchange Commission. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard 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, 2018, the District had no investments exposed to custodial credit risk.

Interest Rate Risk

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

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, 2017		Additions	Deletions	Balance December 31, 2018
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		91,340	119,466	—	210,806
Total Capital Assets, Not Being Depreciated		63,398,019	119,466	—	63,517,485
Capital Assets, Being Depreciated					
Parking lots		202,710	—	—	202,710
Parks, buildings and equipment		3,272,465	—	—	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		5,676,202	—	—	5,676,202
Less Accumulated Depreciation For					
Parking lots		(200,331)	(2,379)	—	(202,710)
Parks, buildings and equipment		(2,207,407)	(104,201)	—	(2,311,608)
Concrete trails		(758,193)	(47,495)	—	(805,688)
Asphalt trails		(302,062)	—	—	(302,062)
Irrigation system		(319,605)	(8,696)	—	(328,301)
Office furniture and equipment		(22,586)	—	—	(22,586)
Total Accumulated Depreciation		(3,810,185)	(162,771)	—	(3,972,956)
Total Capital Assets Being Depreciated, Net		1,866,017	(162,771)	—	1,703,246
Governmental Activities Capital Assets, Net	\$	65,264,036	\$ (43,305)	\$ —	\$ 65,220,731

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, 2017	Additions	Deletions	Balance December 31, 2018
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land and rights of way	\$ 103,115	\$ —	\$ —	\$ 103,115
Construction in progress	3,936,425	8,570,330	—	12,506,755
Total Capital Assets Not Being Depreciated	4,039,540	8,570,330	—	12,609,870
Capital Assets Being Depreciated				
Buildings and improvements	7,553,040	—	—	7,553,040
Landscaping, fencing and 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	—	(33,387)	117,339
Developer contributions*	17,226,659	—	—	17,226,659
Plum Creek Water Reclamation Authority (PCWRA) plant expansion	230,246	—	—	230,246
Total Capital Assets Being Depreciated	67,268,268	—	(33,387)	67,234,881
Less Accumulated Depreciation For				
Buildings and improvements	(3,003,318)	(220,139)	—	(3,223,457)
Landscaping, fencing and electrical	(1,778,064)	(100,411)	—	(1,878,475)
Ground water rights	(314,650)	(10,896)	—	(325,546)
Distribution system	(2,219,422)	(223,410)	—	(2,442,832)
Collection system	(421,197)	(14,808)	—	(436,005)
Water tanks	(1,007,937)	(46,313)	—	(1,054,250)
Machinery and equipment	(8,062,281)	(293,919)	—	(8,356,200)
Vehicles	(96,116)	(26,196)	33,387	(88,925)
Developer contributions*	(2,978,614)	(172,267)	—	(3,150,881)
PCWRA plant expansion	(213,998)	(11,512)	—	(225,510)
Total Accumulated Depreciation	(20,095,597)	(1,119,871)	33,387	(21,182,081)
Net capital assets being depreciated	47,172,671	(1,119,871)	—	46,052,800
Business-Type Activities Capital Assets, Net	\$ 51,212,211	\$ 7,450,459	\$ —	\$ 58,662,670

* 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	\$	931,076
Wastewater		188,213
Storm drainage		<u>582</u>
Total Depreciation Expense - Business-Type Activities	\$	<u>1,119,871</u>

4. Long-Term Debt

Governmental Activities Debt

Following is a summary of governmental activity debt transactions for the year ended December 31, 2018:

	Balance December 31, 2017			Balance December 31, 2018			Due Within One Year
		Additions	Retirements				
Governmental Activities							
2015 COPs Refunding Bond	\$ 20,555,000	\$ —	\$ (410,000)	\$ 20,145,000	\$	425,000	
2015 COPs Premium	557,845	—	(34,669)	523,176		34,806	
Compensated absences	20,387	5,547	(7,516)	18,418		—	
Total Governmental Activities	\$ 21,133,232	\$ 5,547	\$ (452,185)	\$ 20,686,594	\$	459,806	

A description of the long-term debt as of December 31, 2018, is as follows:

General Obligation Debt Authorization

As of December 31, 2018, the District had no authorized unissued general obligation debt. The District did not budget to issue any additional general obligation debt in 2019.

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

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements *(Continued)*

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

The Series 2015 Bonds bear interest at rates ranging from 3.25% to 5.00% and are comprised of bonds maturing in 2045. The Series 2015 Bonds maturing on or after December 1, 2022 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity, on December 1, 2021, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

The District received a premium from the issuance of the Series 2015 Bonds in the amount of \$656,573 and incurred costs of issuance totaling \$350,386.

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

Year Ending December 31,	Principal	Interest	Total
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	510,000	719,106	1,229,106
2024 - 2028	2,955,000	3,192,481	6,147,481
2029 - 2033	3,620,000	2,528,894	6,148,894
2034 - 2038	4,305,000	1,846,500	6,151,500
2039 - 2043	5,160,000	985,619	6,145,619
2044 - 2045	1,770,000	70,800	1,840,800
	\$ 20,145,000	\$ 12,431,925	\$ 32,576,925

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. In 2018, CWCB approved an increase of this loan to an amount not to exceed \$7,773,364 to close on or before June 30, 2018. This increase was approved by the Board on June 18, 2018. The CWCB loans are expected to cover approximately 90% of the costs of the Project, with the District's share of 10% already set aside in cash, in an escrow account. The CWCB loan terms are: interest at 3% per annum for 30 years, a one-time 1% loan service fee, interest payable only on funds drawn under the loans until the Project is substantially complete and principal and interest payments due 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.

JP Morgan Chase Loan

On December 31, 2018, the District secured a \$4,125,000 bank loan for the purpose of paying project costs related to the District's proportionate share in its interest in PCWRA. The project consists of the design and construction of improvements to expand the treatment capacity of PCWRA. The construction project is scheduled to be complete by the end of 2021. Principal payments commence on December 1, 2019 and mature on December 1, 2033, carrying a fixed interest rate of 3.08%. The loan security and repayment source is a pledge of the District's Wastewater and Water Activity Enterprise revenues backed by a rate covenant. The loan contains restrictive covenants. The District incurred issuance costs of \$137,905.

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

Year Ending December 31,	Principal	Interest	Total
2019	\$ 230,000	\$ 116,815	\$ 346,815
2020	225,000	119,966	344,966
2021	235,000	113,036	348,036
2022	240,000	105,798	345,798
2023	250,000	98,406	348,406
2024 - 2028	1,360,000	372,372	1,732,372
2029 - 2033	1,585,000	149,072	1,734,072
	<u>\$ 4,125,000</u>	<u>\$ 1,075,465</u>	<u>\$ 5,200,465</u>

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Business-Type Activities Debt

Following is a summary of business-type activity debt transactions for the year ended December 31, 2018:

	Balance December 31, 2017			Balance December 31, 2018			Due Within One Year
Business-Type Activities		Additions	Retirements				
CWCB loan payable	\$ 343,858	\$ 3,510,891	\$ —	\$ 3,854,749		\$ 3,854,749	
JP Morgan Chase loan payable	—	4,125,000	—	4,125,000		230,000	
Compensated absences	25,270	5,214	(7,516)	22,968		22,968	
Total Business-Type Activities	\$ 369,128	\$ 7,641,105	\$ (7,516)	\$ 8,002,717		\$ 4,107,717	

5. 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.

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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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

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

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

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

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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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.

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 Years Ended December 31,	
	2018	2017
Employer contribution rate	10.00%	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)%	(1.02)%
Amount apportioned to LGDTF	8.98%	8.98%
Amortization equalization disbursement (AED) as specified in CRS § 24-51-411	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in CRS 24-51-411	1.50%	1.50%
Total employer contribution rate to LGDTF	12.68%	12.68%

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

Employer contributions are recognized by LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to LGDTF. Employer contributions recognized by LGDTF from the District were \$92,408 for the year ended December 31, 2018.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements *(Continued)*

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

At December 31, 2018, the District reported a net pension liability of \$1,221,153 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on District contributions to LGDTF for the calendar years 2017 and 2016 relative to the total contributions of participating employers to LGDTF.

At December 31, 2017, LGDTF's net pension liability was approximately \$1,113,430,000. At December 31, 2017, the District's proportion was 0.10967%, which was an increase of 0.00313% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized pension expense of \$108,317 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	\$ 76,394	\$ —
Changes of assumptions or other inputs	12,901	—
Net difference between projected and actual earnings on pension plan investments	114,694	352,056
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,877	1,532
District contributions subsequent to the measurement date	92,408	—
Total	\$ 314,274	\$ 353,588

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

The \$92,408 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, 2019. 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>
2019	\$ (69,585)
2020	26,969
2021	86,325
2022	88,013
	<u>\$ 131,722</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 - 10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
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

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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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

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

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

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 - developed	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:

- 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%.
- 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.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

- 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.

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

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	\$ 1,944,901	\$ 1,221,153	\$ 617,805

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.

Changes Between The Measurement Date Of The Net Pension Liability And December 31, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years* (SB 18-200). The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100% funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates by a total of 2% (to be phased in over a period of three years starting on July 1, 2019)

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020 and then each year thereafter to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA defined contribution plan to new members hired on or after January 1, 2019 in the Local Government Division. Beginning January 1, 2021 and every year thereafter, employer contribution rates for LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the District reported a liability of \$1,221,153 for its proportionate share of the net pension liability, which was measured using the plan provisions in effect as of the pension plan's year end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200 applicable to LGDTF become law on December 31, 2017. This *pro forma* information was prepared using the fiduciary net position of LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required By SB 18-200 (<i>Pro Forma</i>)	Proportionate Share Of The Estimated Net Pension Liability Calculated Using Plan Provisions Required By SB 18-900 (<i>Pro Forma</i>)
<u>7.25%</u>	<u>\$ 863,742</u>

6. 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, 2018, and 2017, the District's employer contributions to HCTF were \$7,425 and \$7,057, respectively, equal to their required contributions for each year. The effect of this plan would result in an immaterial liability and therefore is not recorded at December 31, 2018.

7. Defined Contribution Pension Plan

Plan Description

Employees of the District who are members of LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 52, Part 14 of CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the state legislature. PERA issues a publicly available 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 52, 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, 2018 and 2017, the 401(k) Plan member contributions were \$19,519 and \$18,261, respectively.

8. Risk Management

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

The District pays annual premiums to the Pool for auto, public officials' liability and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on a basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. The District also maintains an active insurance program, whereby the District annually evaluates appropriate liability coverage. Additionally, the District is required to maintain certain coverages on leased assets secured by the 2015 COPs. As of December 31, 2018, the District maintained the coverage required under its lease purchase agreement, dated March 2, 2015 between the District and UMB, N.A.

9. TABOR Compliance

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

The Amendment also requires local districts to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$117,892 for this purpose.

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

10. Subsequent Events

Management evaluates subsequent events through the date 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, 2018

With Comparative Totals For The Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2017 Actual
Revenues					
Property taxes	\$ 3,121,220	\$ 3,121,220	\$ 3,119,030	\$ (2,190)	\$ 2,995,255
Specific ownership taxes	312,122	312,122	330,071	17,949	529,876
Conservation Trust Fund	48,000	48,000	47,589	(411)	46,715
Farm land revenue	40,000	40,000	42,710	2,710	40,000
Lease income	65,981	74,441	74,058	(383)	66,835
Oil royalty income	20,000	285,000	274,388	(10,612)	89,961
Earnings on investments	38,630	59,000	66,139	7,139	38,551
Miscellaneous income	30,000	30,000	23,339	(6,661)	110,102
Total Revenues	3,675,953	3,969,783	3,977,324	7,541	3,917,295
Expenditures					
General government:					
Salaries and wages	360,269	380,371	410,785	(30,414)	322,903
Employee benefits and taxes	171,161	154,647	159,708	(5,061)	139,595
Accounting, audit and legal	254,725	301,652	291,395	10,257	185,528
Other professional services	220,844	162,894	154,277	8,617	210,970
Utilities	37,250	42,250	27,451	14,799	28,925
Insurance	48,086	48,128	48,128	—	45,796
County collection fees	46,818	46,818	46,818	—	44,975
Memberships, training and subscriptions	14,600	15,100	9,991	5,109	13,540
Other office expenses	43,600	43,600	28,304	15,296	32,447
Repairs and maintenance	43,900	47,456	34,843	12,613	26,352
Total General Government	1,241,253	1,242,916	1,211,700	31,216	1,051,031
Parks and open space:					
Landscape maintenance contract	245,000	245,000	218,542	26,458	275,032
Landscape supplies	15,000	15,000	7,095	7,905	9,260
Repairs and maintenance	330,000	302,000	296,147	5,853	286,800
Utilities	299,500	361,975	369,541	(7,566)	343,864
Park services	10,000	10,000	14,335	(4,335)	10,126
Total Parks And Open Space	899,500	933,975	905,660	28,315	925,082
Capital outlay	208,944	223,410	119,466	103,944	398,138
Total Expenditures	2,349,697	2,400,301	2,236,826	163,475	2,374,251
Excess of revenues over expenditures	1,326,256	1,569,482	1,740,498	171,016	1,543,044
Other financing sources (uses):					
Transfers out, debt related	—	—	—	—	1,406
Transfers out, base rental expense	(1,236,506)	(1,232,306)	(1,228,302)	4,004	(1,234,688)
Total Other Financing Uses	(1,236,506)	(1,232,306)	(1,228,302)	4,004	(1,233,282)
Net Change In Fund Balance	89,750	337,176	512,196	175,020	309,762
Fund Balance - Beginning Of Year	3,852,177	3,852,177	4,590,527	738,350	4,280,765
Fund Balance - End Of Year	\$ 3,941,927	\$ 4,189,353	\$ 5,102,723	\$ 913,370	\$ 4,590,527

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, 2017 (Measurement Date) Employee Pension Plan Year Five¹

	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.10967%	0.10655%	0.10914%	0.10836%	0.89680%
District's proportionate share of the net pension liability	\$ 1,221,153	\$ 1,438,726	\$ 1,202,296	\$ 971,185	\$ 662,685
District's covered payroll	\$ 677,776	\$ 666,309	\$ 648,164	\$ 608,976	\$ 491,736
District's proportionate share of the net pension liability as a percentage of its covered payroll	180.17%	215.92%	185.49%	159.48%	134.76%
Plan fiduciary net position as a percentage of the total pension	79.37%	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, 2018

Year Six¹

	2018		2017		2016		2015		2014		2013	
Statutorily required contribution	\$	92,408	\$	87,730	\$	81,004	\$	78,597	\$	75,288	\$	60,666
Contributions in relation to the statutorily required contributions		92,408		87,730		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>	<u>\$</u>	<u>—</u>
Covered payroll	\$	727,906	\$	677,776	\$	666,309	\$	648,164	\$	608,976	\$	491,736
Contributions as a percentage of covered payroll		12.70%		12.94%		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) - 2015 COPS FUND**

For The Year Ended December 31, 2018

(With Comparative Totals For The Year Ended December 31, 2017)

	Original And Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2017 Actual
Revenues				
Earnings on investments	\$ 300	\$ 8,503	\$ 8,203	\$ 1,618
Expenditures				
Principal	410,000	410,000	—	390,000
Interest and fees	826,806	826,805	1	846,306
Total Expenditures	1,236,806	1,236,805	1	1,236,306
Deficiency of revenues over expenditures	(1,236,506)	(1,228,302)	8,204	(1,234,688)
Other Financing Sources (Uses)				
Transfers in, base rental revenue	1,236,506	1,228,302	(8,204)	1,234,688
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, 2018

(With Comparative Totals For The Year Ended December 31, 2017)

Page 1 Of 2

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2017 Actual
Revenues					
Water charges	\$ 4,961,605	\$ 4,961,605	\$ 7,299,110	\$ 2,337,505	\$ 5,226,351
Wastewater charges	2,115,635	2,360,555	2,335,699	(24,856)	1,886,218
Storm drainage charges	210,752	210,752	226,549	15,797	224,144
Capital improvement charges	1,447,178	1,447,178	1,484,956	37,778	1,470,099
Earnings on investments	103,861	122,361	408,063	285,702	157,722
Financing proceeds	5,200,000	7,000,000	7,635,891	635,891	343,858
Reimbursable income	—	—	117,829	117,829	149,034
Renewable water investment	905,626	905,626	1,341,166	435,540	1,028,881
Miscellaneous income	32,600	33,100	66,126	33,026	70,756
Total Revenues	14,977,257	17,041,177	20,915,389	3,874,212	10,557,063
Expenditures					
Water Operations					
General overhead	517,937	517,937	382,068	135,869	222,755
Salaries and wages	212,821	212,821	214,806	(1,985)	186,361
Employee benefits and taxes	103,603	103,603	140,040	(36,437)	112,044
Memberships, training and subscriptions	15,200	15,200	5,700	9,500	6,924
Engineering	48,667	48,667	134,051	(85,384)	165,584
Repairs and maintenance	2,030,160	2,030,160	1,326,564	703,596	1,177,485
Utilities	899,002	899,002	822,221	76,781	724,679
Equipment and supplies	79,000	79,000	42,011	36,989	27,343
Treatment costs	10,000	10,000	8,291	1,709	7,014
Water rebates	12,500	12,500	5,018	7,482	7,010
Other projects	25,100	25,100	30,408	(5,308)	23,318
Total Water Operations	3,953,990	3,953,990	3,111,178	842,812	2,660,517
Wastewater Operations					
General overhead	110,403	93,379	254,941	(161,562)	87,919
Salaries and wages	200,390	180,847	195,399	(14,552)	155,522
Employee benefits and taxes	99,134	85,893	158,371	(72,478)	90,793
Memberships, training and subscriptions	13,750	13,750	2,604	11,146	2,600
Engineering	513,101	532,024	496,599	35,425	96,786
Repairs and maintenance	169,000	191,594	172,338	19,256	148,058
Utilities	90,859	90,859	72,433	18,426	63,809
Equipment, supplies and other projects	5,500	5,500	5,031	469	2,013
Treatment costs	741,252	658,800	663,372	(4,572)	708,792
Total Wastewater Operations	1,943,389	1,852,646	2,021,088	(168,442)	1,356,292

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, 2018

(With Comparative Totals For The Year Ended December 31, 2017)

Page 2 Of 2

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2017 Actual
Expenditures (Continued)					
Storm Drainage Operations					
General overhead	\$ 40,425	\$ 40,425	\$ 17,017	\$ 23,408	\$ 17,382
Salaries and wages	20,001	20,001	4,726	15,275	34,119
Employee benefits and taxes	7,432	7,432	13,312	(5,880)	22,567
Engineering	40,000	40,000	5,000	35,000	—
Repairs and maintenance	1,100	1,100	—	1,100	36,757
Equipment, supplies and other projects	2,000	2,000	1,554	446	1,194
Total Storm Drainage Operations	110,958	110,958	41,609	69,349	112,019
Capital outlay	8,660,000	11,960,000	—	11,960,000	1,219,750
Total Expenditures	14,668,337	17,877,594	5,173,875	12,703,719	5,348,578
Change In Net Position - Budgetary Basis	308,920	(836,417)	15,741,514	16,577,931	5,208,485
Reconciliation To GAAP Basis					
Financing proceeds	(5,200,000)	(7,000,000)	(7,635,891)	(635,891)	(343,858)
Capital outlay	8,660,000	11,960,000	—	11,960,000	1,219,750
Depreciation	—	—	(1,119,871)	1,119,871	(1,217,819)
Change In Net Position - GAAP Basis	3,768,920	4,123,583	6,985,752	2,862,169	4,866,558
Net Position At Beginning Of Year	60,725,562	60,725,562	67,208,536	6,482,974	62,341,978
Net Position At End Of Year	\$ 64,494,482	\$ 64,849,145	\$ 74,194,288	\$ 9,345,143	\$ 67,208,536

**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 ⁵	164,274,740	4.26%	19	—	3,121,220	3,119,030	99.93%
2018/2019	166,425,860	1.31%	19	—	3,162,091	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 COPS.

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.

⁵ The State Residential Assessment Rate dropped from 7.96% to 7.2% for the 2018 and 2019 collection years.

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	\$ 137,696,720	82.74%	\$ 1,912,455,738	95.08%
Commercial	20,631,930	12.40%	71,144,708	3.54%
Vacant	4,976,780	2.99%	17,160,534	0.85%
State assessed	19,400	0.01%	73,827	0.00%
Agricultural	2,260	0.00%	7,809	0.00%
Other natural resources	1,010	0.00%	3,537	0.00%
Personal property	3,097,760	1.86%	10,648,912	0.53%
	\$ 166,425,860	100.00%	\$ 2,011,495,065	100.00%

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

TABLE IV (COPS SERIES 2015) SAMPLE TOTAL 2018 MILL LEVY¹ (UNAUDITED)

Taxing Entity	Mill Levy				
	Tax Area No. 1	Tax Area No. 2	Tax Area No. 3	Tax Area No. 4	Tax Area No. 5
Cherry Creek Basin Water Authority	0.479	0.479	0.479	0.479	0.479
Douglas County	19.774	19.774	19.774	19.774	19.774
City of Castle Pines	4.500	4.500	4.500	4.500	4.500
Douglas County Library	4.008	4.008	4.008	4.008	4.008
Douglas County School District RE-1	36.896	36.896	36.896	36.896	36.896
Douglas County Schools - Debt Service	8.054	8.054	8.054	8.054	8.054
South Metro Fire Rescue	9.250	9.250	9.250	9.250	9.250
Urban Drainage & Flood Control District	0.726	0.726	0.726	0.726	0.726
Urban Drainage & Flood South Platte	0.094	0.094	0.094	0.094	0.094
Cedar Hill Cemetary Association	—	0.148	0.148	—	0.148
North Pine Vistas Metropolitan District No. 1	—	—	—	—	—
North Pine Vistas Metropolitan District No. 2	—	65.000	65.000	—	—
North Pine Vistas Metropolitan District No. 3	—	66.288	—	66.288	66.288
Sample Overlapping Mill Levy	83.781	215.217	148.929	150.069	150.217
Castle Pines North Metropolitan District	19.000	19.000	19.000	19.000	19.000
Sample Total Mill Levy	102.781	234.217	167.929	169.069	169.217

1. One mill equals 1/10 of one cent. Mill levies certified in 2018 are for the collection of *ad valorem* property taxes in 2019.

Source: Douglas County Assessor's Office

CASTLE PINES NORTH METROPOLITAN DISTRICT

**CONTINUING DISCLOSURE
TABLE V (COPS SERIES 2015)
2018 WATER AND SEWER CUSTOMER INFORMATION (UNAUDITED)**

Customer Class	Water Customers		Sewer Customers	
	Inside District	Outside District	Inside District	Outside District
Residential	3,322	201	3,322	228
Commercial	47	—	47	—
Irrigation	50	4	—	—
	3,419	205	3,369	228

Source: The District's Billing System

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE TABLE VI (COPS SERIES 2015)

HISTORY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE¹ (UNAUDITED)

	2014	2015	2016	2017	2018
Revenues					
Property taxes	\$ 2,533,828	\$ 2,560,582	\$ 2,984,267	\$ 2,995,255	\$ 3,119,030
Specific ownership taxes	492,208	531,810	599,784	529,876	330,071
Earnings on investments	6,044	7,437	19,153	36,485	62,540
Farmland revenue	40,200	40,200	40,000	40,000	42,710
Oil royalty revenue	4,690	2,988	5,433	89,961	274,388
Miscellaneous income	16,318	19,477	24,754	110,102	23,339
Cell phone lease revenue	64,215	69,093	71,113	66,835	74,058
Total Revenues	3,157,503	3,231,587	3,744,504	3,868,514	3,926,136
Expenditures					
General government	619,014	678,981	778,740	701,010	831,490
Parks and open space	958,640	1,125,523	1,242,357	1,275,103	1,285,870
Capital outlay	8,423	28,440	37,889	145,125	119,466
Total Expenditures	1,586,077	1,832,944	2,058,986	2,121,238	2,236,826
Excess Of Revenues Over Expenditures	1,571,426	1,398,643	1,685,518	1,747,276	1,689,310
Other Financing Sources (Uses)					
Transfers out/base rental expense	(883,868)	(1,388,465)	(1,244,728)	(1,233,282)	(1,228,302)
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)	(1,228,302)
Net Change In Fund Balance	698,058	10,178	448,690	513,994	461,008
Fund Balance At Beginning Of Year	2,770,269	3,468,327	3,478,505	3,927,195	4,441,189
Fund Balance At End Of Year	\$ 3,468,327	\$ 3,478,505	\$ 3,927,195	\$ 4,441,189	\$ 4,902,197

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

Source: District's 2014 - 2018 financial statements.

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE TABLE VII (COPS SERIES 2015)

GENERAL FUND BUDGET SUMMARY AND COMPARISON¹ (UNAUDITED)

	2019 Budget	2018 Amended Budget	2018 Actual
Revenues			
Property taxes	\$ 3,162,091	\$ 3,121,220	\$ 3,119,030
Specific ownership taxes	316,209	312,122	330,071
Earnings on investments	56,250	57,000	62,540
Farm land revenue	40,000	40,000	42,710
Oil royalty revenue	100,000	285,000	274,388
Miscellaneous income	30,000	30,000	23,339
Cell phone lease revenue	74,441	74,441	74,058
Total Revenues	3,778,991	3,919,783	3,926,136
Expenditures			
General government	876,411	835,426	831,490
Parks and open space	1,469,675	1,305,327	1,285,870
Capital outlay	165,000	105,000	119,466
Total Expenditures	2,511,086	2,245,753	2,236,826
Excess Of Revenues Over Expenditures	1,267,905	1,674,030	1,689,310
Other Financing Sources (Uses)			
Transfers out/base rental expense	(1,232,106)	(1,236,506)	(1,228,302)
Net Change In Fund Balance	35,799	437,524	461,008
Fund Balance At Beginning Of Year	4,832,312	4,441,189	4,441,189
Fund Balance At End Of Year	\$ 4,868,111	\$ 4,878,713	\$ 4,902,197

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

Source: District's 2018 audited financial statements and the District's 2018 and 2019 adopted budgets.

CASTLE PINES NORTH METROPOLITAN DISTRICT

CONTINUING DISCLOSURE TABLE VIII (COPS SERIES 2015) DISTRICT'S OUTSTANDING GENERAL OBLIGATION DEBT (UNAUDITED)

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

Source: District's 2018 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	2.50%	\$ 7,624,709

1. Douglas County School District RE1 fiscal year is July 1, 2017 to June 30, 2018.
2. Percentage applicable to District is calculated by taking 2017 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

2018 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 North	71,506,000	11.31%	\$ 204,863	6.55%
2 Avant at Castle Pines	17,189,000	2.72%	129,051	4.13%
3 Canterbury Park HOA	11,559,000	1.83%	71,727	2.29%
4 CPN Homeowners Association II	5,577,000	0.88%	62,144	1.99%
5 Villa Carriage Homes HOA	6,074,000	0.96%	47,755	1.53%
6 Brambleridge HOA	7,671,000	1.21%	42,830	1.37%
7 CPN Homeowners Association I	5,818,000	0.92%	42,019	1.34%
8 Village Square at Castle Pines	4,535,000	0.72%	40,654	1.30%
9 Sheridan Castle Pines LLC	2,406,000	0.38%	35,557	1.14%
10 City of Castle Pines	6,391,000	1.01%	34,128	1.09%
Total	138,726,000	21.94%	\$ 710,728	22.73%

Source: The District's Billing System

COPS SERIES 2015

2018 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 at Castle Pines	\$ 69,316	5.69%
2 Village Square at Castle Pines	25,722	2.11%
3 Canterbury Park HOA	25,411	2.09%
4 Kroger Utilities	18,562	1.52%
5 Villa Carriage Homes HOA	15,674	1.29%
6 Legacy Village Castle Pines	9,936	0.82%
7 Twin Star Energy LLC	9,712	0.80%
8 Castle Pines Marketplace, LLC	8,706	0.71%
9 Land Title	7,950	0.65%
10 First American Title	6,015	0.49%
Total	\$ 197,004	16.18%

Source: The District's Billing System