

**NORTH PINES METROPOLITAN DISTRICT  
Elbert County, Colorado**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

## Table of Contents

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet – Governmental Funds	5
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities	7
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	8
Notes to the Financial Statements	9
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Debt Service Fund	21
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	22
Schedule of Debt Service Requirements to Maturity	23



# JOHN CUTLER & ASSOCIATES

Board of Directors  
North Pines Metropolitan District  
Elbert County, Colorado

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Pine Metropolitan District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, 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.

### Auditor 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 auditor's 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 expression an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the North Pines Metropolitan District, as of December 31, 2020, and the respective changes in financial position, and the budgetary comparison for the general fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has not presented the management's discussion and analysis that governmental 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not affected by this missing information.

### *Other Information*

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

*John Cutler & Associates, LLC*

July 22, 2021

## **BASIC FINANCIAL STATEMENTS**

**NORTH PINES METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
December 31, 2020**

**ASSETS**

Cash and investments - unrestricted	\$ 767,037
Cash and investments - restricted	115,863
Cash with County Treasurer	3,755
Accounts receivable	14,413
Property taxes receivable	257,058
Prepaid expenses	1,615
Capital assets, not being depreciated	504,172
Total assets	1,663,913

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred cost of refunding	114,808
Total deferred cost of refunding	114,808

**LIABILITIES**

Accounts payable	1,501
Accrued interest payable	5,844
Bonds payable	
Due within one year	105,000
Due in more than one year	1,765,000
Total liabilities	1,877,345

**DEFERRED INFLOWS OF RESOURCES**

Deferred property taxes	257,058
Total deferred property taxes	257,058

**NET POSITION**

Restricted for emergencies	8,600
Restricted for debt service	110,019
Unrestricted	(474,301)
Total net position	\$ (355,682)

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**NORTH PINES METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
Year Ended December 31, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
General government	\$ 358,096	\$ 166,513	\$ (191,583)
Interest and fiscal charges	83,552	-	(83,552)
	<u>\$ 441,648</u>	<u>\$ 166,513</u>	<u>(275,135)</u>

General revenues:

Taxes:	
Property taxes	255,823
Specific ownership taxes	45,401
Interest income	6,246
Total general revenues	<u>307,470</u>

Change in net position	32,335
Net position - Beginning	(388,017)
Net position - Ending	<u>\$ (355,682)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**NORTH PINES METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2020**

	<b>General</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments - unrestricted	\$ 767,037	\$ -	\$ 767,037
Cash and investments - restricted	-	115,863	115,863
Cash with County Treasurer	3,755	-	3,755
Accounts receivable	14,413	-	14,413
Property tax receivable	66,835	190,223	257,058
Prepaid expense	1,615	-	1,615
<b>TOTAL ASSETS</b>	<b>\$ 853,655</b>	<b>\$ 306,086</b>	<b>\$ 1,159,741</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,501	\$ -	\$ 1,501
<b>TOTAL LIABILITIES</b>	<b>1,501</b>	<b>-</b>	<b>1,501</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	66,835	190,223	257,058
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>66,835</b>	<b>190,223</b>	<b>257,058</b>
<b>FUND BALANCES</b>			
<b>Fund Balances:</b>			
Nonspendable - prepaid items	1,615	-	1,615
Restricted for emergencies	8,600	-	8,600
Restricted for debt service	-	115,863	115,863
Assigned for subsequent years <sup>1</sup>	30,590	-	30,590
Unassigned	744,514	-	744,514
<b>TOTAL FUND BALANCES</b>	<b>785,319</b>	<b>115,863</b>	<b>901,182</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUN BALANCES</b>	<b>\$ 853,655</b>	<b>\$ 306,086</b>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Capital assets, not being depreciated	504,172
Deferred cost of refunding, net of accumulated amortization	114,808
	618,980

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Bonds payable	(1,870,000)
Accrued interest payable	(5,844)
	(1,875,844)

Net position of governmental activities	\$ (355,682)
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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**NORTH PINES METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property tax	\$ 66,514	\$ 189,309	\$ 255,823
Specific ownership tax	45,401	-	45,401
Maintenance fees	94,783	-	94,783
Water fees	70,226	-	70,226
Late fees, interest and transfer fees	1,504	-	1,504
Net investment income	5,708	538	6,246
Total revenues	<u>284,136</u>	<u>189,847</u>	<u>473,983</u>
<b>EXPENDITURES</b>			
Current			
Accounting	13,716	-	13,716
Audit	4,500	-	4,500
Directors' fees	2,100	-	2,100
Legal	17,923	-	17,923
Insurance	3,293	-	3,293
Office expense	1,188	-	1,188
Dues and subscriptions	-	-	-
Landscape maintenance	8,069	-	8,069
Septic maintenance	5,400	-	5,400
Trash removal	13,993	-	13,993
IGA contract payments	280,000	-	280,000
Miscellaneous	290	-	290
Treasurer's fees	1,982	5,642	7,624
Debt service			
Principal	-	105,000	105,000
Interest and fiscal charges	-	74,312	74,312
Total expenditures	<u>352,454</u>	<u>184,954</u>	<u>537,408</u>
<b>NET CHANGE IN FUND BALANCES</b>	(68,318)	4,893	(63,425)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	853,637	110,970	964,607
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 785,319</u>	<u>\$ 115,863</u>	<u>\$ 901,182</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**NORTH PINES METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ (63,425)</u>
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	328
Amortization of deferred charge on refunding	<u>(9,568)</u>
	<u>(9,240)</u>
Repayment of the principal of bonds payable is an expenditures in the governmental funds, however, the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal payments - bonds payable	<u>105,000</u>
Change in net position - Governmental activities	<u><u>\$ 32,335</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**NORTH PINES METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended December 31, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 66,514	\$ 66,514	\$ 66,514	\$ -
Specific ownership taxes	40,932	40,932	45,401	4,469
Maintenance fees	94,320	94,320	94,783	463
Water fees	42,800	42,800	70,226	27,426
Late fees, interest and transfer fees	500	500	1,504	1,004
Net investment income	10,000	10,000	5,708	(4,292)
Total Revenues	<u>255,066</u>	<u>255,066</u>	<u>284,136</u>	<u>29,070</u>
<b>EXPENDITURES</b>				
Accounting	25,000	25,000	13,716	11,284
Audit	5,300	5,300	4,500	800
Directors' fees	2,000	2,000	2,100	(100)
Legal	17,000	17,000	17,923	(923)
Insurance	3,708	3,708	3,293	415
Office expense	2,000	2,000	1,188	812
Dues and subscriptions	-	-	-	-
Treasurer's fees	1,995	1,995	1,982	13
Landscape maintenance	15,000	15,000	8,069	6,931
Septic maintenance	8,000	8,000	5,400	2,600
Trash removal	13,390	13,390	13,993	(603)
Miscellaneous	-	-	290	(290)
Contributions to other governmental entity	242,807	316,360	280,000	36,360
Contingency and emergency reserves	10,000	10,000	-	10,000
Total Expenditures	<u>346,200</u>	<u>419,753</u>	<u>352,454</u>	<u>67,299</u>
<b>NET CHANGE IN FUND BALANCES</b>	(91,134)	(164,687)	(68,318)	96,369
<b>FUND BALANCES - BEGINNING OF YEAR</b>	831,543	853,621	853,637	16
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 740,409</u>	<u>\$ 688,934</u>	<u>\$ 785,319</u>	<u>\$ 96,385</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

North Pines Metropolitan District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in the Elbert County, Colorado. The District was organized along with Clearwater Metropolitan District to provide services to the Amanda Pines North Estates development and other included areas. North Pines Metropolitan District is to provide for facilities including street improvements, park and recreation, safety protection, transportation, television relay and translation and mosquito control services. During 2011, the District took over the administrative functions of the water system provided by Clearwater Metropolitan District. Revenue generated from water services fees are paid to the District. Contributions from the District are given to Clearwater Metropolitan District as needed to cover operating or capital expenses.

The District has no employees and all operations and administrative functions are contracted.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District being reported as net position.

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Budgets**

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

For the year ended December 31, 2020, the District amended the budget for the General Fund and the Debt Service Fund.

**Pooled Cash and Investments**

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

**Property Taxes**

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

**Capital Assets**

Capital assets, which include water rights and infrastructure are reported in the governmental 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

applicable. The District anticipates conveying all capital assets to other governments upon completion. Therefore, no depreciation has been provided.

**Bond Issue Costs**

In the government-wide financial statements and in the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Cost on Bond Refunding**

In the government-wide financial statements, the deferred cost on bond refunding is reported as a deferred outflow of resources is being amortized using the interest method over the life of the defeased bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a reduction of bonds payable.

**Fund Equity**

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position/ Balance Sheet – Governmental Funds:

Cash and investments – unrestricted	\$ 767,037
Cash and investments – restricted	<u>115,863</u>
Total cash and investments	<u>\$ 882,900</u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 114,585
Investments	<u>768,315</u>
Total cash and investments	<u>\$ 882,900</u>

**Custodial Credit Risk**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a bank balance of \$114,810 and a carrying balance of \$114,585.

**Credit Risk and Interest Rate Risk**

The District has not adopted a formal investment policy, however, the District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

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

At December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>
COLOTRUST	<u>\$ 768,315</u>	Weighted avg. less than 60 day

**Interest Rate Risk**

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

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

At December 31, 2020 the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's.

**Valuation**

Governmental Accounting Standards Board (GASB) Statements require or permit investments measured at fair value on a recurring basis in the statement of net position at the end of each reporting period to be categorized. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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.

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

The District has investments not categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments.

COLOTRUST is measured and reported at the NAV as of December 31, 2020.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

**Restricted Cash and Investments**

Cash and investments in the amount of \$115,863 are reflected as restricted. The District is in compliance with maintaining a reserve of \$100,000 as required by the Limited Tax General Obligation Refunding Bonds, Series 2012 (Note 5).

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2020: follows:

	<u>Balance at January 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2020</u>
Capital assets, not being depreciated:				
Water rights	\$ 504,172	\$ -	\$ -	\$ 504,172
Total capital assets, not being depreciated	<u>\$ 504,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 504,172</u>

As reported in Note 12 - Litigation, the District obtained a judgment on November 25, 2009 that the water rights transaction was an unfair transaction that could be rescinded. The District has tendered its water rights to the developer and sought to recover return of the purchase price plus interest but has not yet been able to obtain recovery of the purchase price. The District has attempted to market the water rights and/or obtain an estimate of fair market value for the water rights but has not been able to obtain any offers. The District has been informed by several experts that the water rights have limited, if any, value. In view of the foregoing, the District believes that this historical cost is not indicative of the fair market value of the water rights.

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 – LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2020.

	<u>Balance at January 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2020</u>	<u>Due Within One Year</u>
General obligation bonds payable, Series 2012	\$ 1,975,000	\$ -	\$ 105,000	\$ 1,870,000	\$ 110,000
Less current portion	(100,000)			(110,000)	
	<u>\$ 1,875,000</u>			<u>\$ 1,760,000</u>	

**General Obligation Bonds**

**\$2,565,000 Limited Tax General Obligation Refunding Bonds, Series 2012.** The bonds were issued for the purpose of refunding the District’s Series 2007 bonds in the amount of \$2,330,000. The bonds are limited tax general obligation bonds, secured by the District’s covenant to levy ad valorem property taxes up to a maximum mill levy of 90 mills. The Bonds are term bonds maturing on December 1, 2032 with interest of 3.75% with interest payable on June 1 and December 1 of each year commencing in 2013. The bonds are subject to redemption prior to maturity on any date, upon payment of par, accrued interest, and a redemption premium. The bonds are subject to mandatory sinking fund redemptions beginning on December 1, 2013 and on each December 1<sup>st</sup> thereafter prior to the maturity date of the bonds in varying amounts. The bonds require a Reserve Fund to be established in the amount of \$100,000.

The District’s general obligation bonds will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 110,000	\$ 70,125	\$ 180,125
2022	115,000	66,000	181,000
2023	120,000	61,687	181,687
2024	130,000	57,188	187,188
2025	135,000	52,312	187,312
2026-2030	790,000	179,813	969,813
2031-2032	470,000	28,500	498,500
	<u>\$ 1,870,000</u>	<u>\$ 515,625</u>	<u>\$ 2,385,625</u>

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Debt Authorization**

As of December 31, 2020, the District has authorized but unissued debt of \$24,195,000 as follows:

	<b>November 4, 1997 Election</b>	<b>November 7, 2000 Election</b>	<b>Total Authorization</b>
Streets	\$ 4,000,000	\$ 10,500,000	\$ 14,500,000
Traffic and safety	500,000	2,500,000	3,000,000
Park and recreation	500,000	2,500,000	3,000,000
Public transportation	500,000	1,500,000	2,000,000
Mosquito control	100,000	300,000	400,000
Television relay and translation	500,000	1,000,000	1,500,000
Water supply	500,000	-	500,000
Sanitary sewer	500,000	-	500,000
Refunding	7,100,000	-	7,100,000
	<u>\$ 14,200,000</u>	<u>\$ 18,300,000</u>	<u>\$ 32,500,000</u>
G.O. Bonds, Series 1999			(1,560,000)
G.O. Bonds, Series 2000			(1,510,000)
G.O. Bonds, Series 2007			(2,670,000)
Limited Tax G.O. Bonds, Series 2012			<u>(2,565,000)</u>
Remaining Authorization			<u>\$ 24,195,000</u>

**NOTE 6 - FUND EQUITY**

At December 31, 2020, the District reported the following classifications of fund equity.

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund in the amount of \$1,615 is comprised of prepaid amounts which are not in spendable form.

**Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$8,600 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (Note 10).

The restricted fund balance in the Debt Service Fund in the amount of \$115,863 is to be used exclusively for debt service requirements (see Note 5).

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Assigned for Subsequent Year's Expenditures**

The assigned fund balance in the General Fund in the amount of \$30,590 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

**Unassigned Fund Balance**

The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

**NOTE 7 - NET POSITION**

The District has net position consisting of two components –restricted, and unrestricted.

Restricted net position includes items that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019 as follows:

Net investment in capital assets:

Capital assets	\$ 504,172
Capital related debt	<u>(504,172)</u>
	<u><u>\$ -</u></u>

**NOTE 8 – AGREEMENTS**

**Regional Facilities Agreement**

The District entered into an agreement with Clearwater Metropolitan District whereby Clearwater Metropolitan District has agreed to construct and finance certain major regional water facilities to serve the property within the District and Clearwater Metropolitan District.

Pursuant to this agreement, the District adopted pertinent rules and regulations of Clearwater Metropolitan District and agreed to cooperate in the enforcement and collection of Clearwater Metropolitan District's fees and charges imposed for the provision of water service within the District.

**IGA with Clearwater Metropolitan District**

On September 17, 2009, the District entered into an intergovernmental agreement with Clearwater Metropolitan District (Clearwater) regarding a lease and purchase of a generator. Clearwater entered into a contract with a third party during 2008 to purchase an electrical generator which has been delivered and is operational. The agreement provides for the District to provide funds to make payments on the purchase of the generator on behalf of Clearwater. The agreement grants the District an option to purchase the generator. If the generator is purchased by the District, the generator will be leased to Clearwater for the purpose of providing water service to residents of

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

Clearwater. At December 31, 2020, the asset has been reflected in the financial statements of Clearwater.

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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.

**NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS**

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

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

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

On November 4, 1997, a majority of the District's voters approved the District to increase taxes \$150,000 annually, as may be necessary to pay the District's operations, maintenance, and other expenses: such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the Board, and shall the proceeds of such taxes and investment income thereon constitute voter-approved revenue changes and be collected and spent by the District each year without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution or Section 29-1-301, C.R.S.

Additionally, the voters authorized the District to collect, retain and spend the amount of \$520,000 annually from any revenue source other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, inspection charges, administrative

**NORTH PINES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

charges, grants, or any other fee, rate, toll, penalty, income, or charge imposed, collected or authorized by law to be imposed without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

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

**NOTE 11 - LITIGATION**

On November 25, 2009, the District obtained a judgment against the developer Sky Rim Development, LLC that the District was entitled to rescind its purchase of 320.78 acre feet of water rights from Sky Rim Development, LLC, and receive return of the \$500,000.00 purchase price together with interest at 8% from June 22, 2009 until paid in exchange for return of the water rights. The District also was awarded a judgment of \$22,989.96 for costs on March 14, 2010. The District tendered the water rights to Sky Rim Development, LLC, but that entity refused to return payment on the grounds that it was insolvent. Those judgments are now final and non-appealable.

On July 30, 2010, the District obtained a judgment against David Gertz, individually, and Sunshine Master Builders, Ltd. in the amount of \$529,539.86, plus interest at 8% from March 24, 2010 based on transfers that rendered Sky Rim Development, LLC, insolvent. The defendants did not appeal that judgment. Accordingly, it is final and non-appealable.

To date, the District has recovered only a small amount of these judgments through garnishment which it has applied to the judgment. There is substantial doubt as to whether the District will be able to collect any of the remaining amounts awarded from this judgment. During 2018, the District recovered \$54,788 through garnishment.

On April 29, 2014, the District Court of Elbert County, Colorado entered an order offsetting \$19,600 plus interest that the Court found was owed under the May 6, 2008 advance and reimbursement agreement against the unpaid judgment owed by the developer to the District.

## **SUPPLEMENTAL INFORMATION**

**NORTH PINES METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
Year Ended December 31, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Property tax	\$ 189,309	\$ 189,309	\$ 189,309	\$ -
Net investment income	1,500	1,500	538	(962)
Total Revenues	<u>190,809</u>	<u>190,809</u>	<u>189,847</u>	<u>(962)</u>
<b>EXPENDITURES</b>				
Principal	105,000	105,000	105,000	-
Interest	74,062	74,062	74,062	-
Paying agent fees	1,000	4,091	250	3,841
Other	2,000	-	-	-
County treasurer's fees	5,679	5,679	5,642	37
Total Expenditures	<u>187,741</u>	<u>188,832</u>	<u>184,954</u>	<u>3,878</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,068	1,977	4,893	2,916
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>108,550</u>	<u>110,969</u>	<u>110,970</u>	<u>1</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 111,618</u>	<u>\$ 112,946</u>	<u>\$ 115,863</u>	<u>\$ 2,917</u>

**NORTH PINES METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION , MILL LEVY  
AND PROPERTY TAXES COLLECTED  
December 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2007	\$ 3,194,200	42.000	\$ 134,156	\$ 130,381	97.2%
2008	\$ 4,020,340	50.000	\$ 201,017	\$ 206,330	102.6%
2009	\$ 4,532,630	50.000	\$ 226,632	\$ 218,647	96.5%
2010	\$ 4,417,970	50.000	\$ 220,899	\$ 226,269	102.4%
2011	\$ 4,427,550	50.000	\$ 221,377	\$ 221,282	100.0%
2012	\$ 4,268,580	50.000	\$ 213,429	\$ 211,946	99.3%
2013	\$ 4,332,270	50.000	\$ 216,614	\$ 216,504	99.9%
2014	\$ 3,391,630	50.000	\$ 169,582	\$ 169,582	100.0%
2015	\$ 3,494,380	50.000	\$ 174,719	\$ 174,719	100.0%
2016	\$ 4,297,480	50.000	\$ 214,874	\$ 211,530	98.4%
2017	\$ 4,233,520	50.000	\$ 211,676	\$ 211,676	100.0%
2018	\$ 4,865,210	50.000	\$ 243,261	\$ 243,799	100.2%
2019	\$ 4,872,593	50.000	\$ 243,630	\$ 243,423	99.9%
2020	\$ 5,116,460	50.000	\$ 255,823	\$ 255,823	100.0%
Estimated for year ending December 31, 2021	\$ 5,141,160	50.000	\$ 257,058		

**NOTE:** Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

**NORTH PINES METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2020**

**\$2,565,000 Limited Tax General Obligation  
Refunding Bonds, Series 2012  
Dated November 30, 2012  
Interest Rate 3.75%  
Principal Due December 1  
Interest Due June 1 and December 1**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 110,000	\$ 70,125	\$ 180,125
2022	115,000	66,000	181,000
2023	120,000	61,687	181,687
2024	130,000	57,188	187,188
2025	135,000	52,312	187,312
2026	145,000	47,250	192,250
2027	150,000	41,813	191,813
2028	155,000	36,188	191,188
2029	165,000	30,375	195,375
2030	175,000	24,187	199,187
2031	180,000	17,625	197,625
2032	290,000	10,875	300,875
	<u>\$ 1,870,000</u>	<u>\$ 515,625</u>	<u>\$ 2,385,625</u>