

**ANNUAL REPORT
PLUM CREEK METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO
REPORTING PERIOD ENDING
DECEMBER 31, 2012**

Pursuant to Section 32-1-207(3)(c), C.R.S., Special District Act, and Ordinance No. 92-15 adopted by the Town Council of the Town of Castle Rock, Colorado, which became effective October 1, 1992, the following report is submitted by the District Manager and Board of Directors of Plum Creek Metropolitan District to the Town Council of the Town of Castle Rock.

The following information concerns the activity and financial events of the District during the year 2012:

1. Progress in implementing service plan.

An Amended Service Plan for the District was approved by the Town of Castle Rock on July 23, 1998 (the "Service Plan"). The District completed all sanitary sewer, collector road, drainage improvements, storm sewer and storm detention ponds, and water mains contemplated pursuant to the Service Plan in 2007, and such public improvements were dedicated to the Town of Castle Rock on April 24, 2007.

2. 2012 Audit.

The audited financial statements of the District for the report year, including a statement of financial condition as of December 31, 2012, and a statement of operations for the reporting period, have been prepared by Wagner Barnes & Griggs, PC, the auditors for the District. A copy of the audited financial statements for the year ended December 31, 2012, is attached to this report.

3. Capital expenditures and capital improvements.

Capital expenditures and capital improvements are shown in the enclosed audited financial statements for 2012 prepared by Wagner Barnes & Griggs, PC.

4. Capital improvements/projects proposed to be undertaken in 5 years following 2012.

None. All public improvements authorized under the Service Plan were completed in 2007.

5. Financial obligations and assessed valuation.

The financial obligations of the District at the end of the report year, including the amount of indebtedness paid or retired during the report year, the amount of outstanding indebtedness, and the amount and terms of any new District indebtedness or long-term obligations issued during the report year are reflected in the audited financial statements.

Curtis A. Maddock Jr.
Plum Creek Metropolitan District
2000 June Court
Castle Rock, CO 80104
303-663-4748

Assistant Secretary

Boyd Gordon
2081 Kahala Circle
Castle Rock, CO 80104
303-814-2443

Secretary/Treasurer

Kerry A. Schalders (former)
[Served part of 2012 before resigning
due to relocation from the District.]
4076 Alcazar Drive
Castle Rock, Colorado 80109
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SEAT CURRENTLY VACANT

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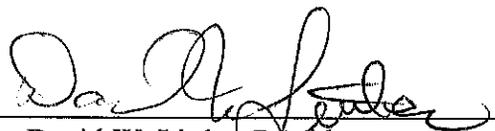
District Manager

Regular meetings are scheduled for the 2nd Monday of the months of March, July, September, and November, commencing at 4:00 p.m., at the office of Folkestad Fazekas Barrick & Patoile, P.C., located at 18 S. Wilcox Street, Suite 200, Castle Rock, Colorado, 80104.

Pursuant to Section 32-1-207(3)(c), C.R.S., a copy of this report will be filed with the Town Council of the Town of Castle Rock, the Douglas County Board of Commissioners, the Division of Local Government, and the State Auditor, as well as being deposited with the Douglas County Clerk and Recorder and made available to any interested party as defined in Section 32-1-204(1), C.R.S.

DATE: Effective as of September 1, 2013.

PLUM CREEK METROPOLITAN DISTRICT, a
quasi-municipal corporation and political subdivision
of the State of Colorado

By: 
David W. Littler, President

ATTEST:

By: 
Boyd Gordon, Secretary

SEAL

**2012 Audited Financial Statements
Plum Creek Metropolitan District**

PLUM CREEK METROPOLITAN DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2012

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Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Plum Creek Metropolitan District
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Plum Creek Metropolitan District (the District) as of and for the year ended December 31, 2012, 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 presentation 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 misstatements, where due to fraud or error.

Auditor's 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 of 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 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Plum Creek Metropolitan District, as of December 31, 2012, and the respective changes in financial position thereof, and the budgetary comparison for the general fund 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 omitted 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, 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 on the basic financial statements 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 District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Wagner, Barnett & Gripp, PC

Lakewood, Colorado
July 29, 2013

BASIC FINANCIAL STATEMENTS

PLUM CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 142,035
Cash and investments - Restricted	376,828
Interest receivable	392
Receivable - County Treasurer	2,244
Property tax receivable	411,949
Total assets	<u>933,448</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost of refunding, net	23,929
Total deferred outflows of resources	<u>23,929</u>
LIABILITIES	
Accounts payable	6,061
Accrued interest payable	3,186
Noncurrent liabilities	
Due within one year	229,639
Due in more than one year	1,240,917
Total liabilities	<u>1,479,803</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	411,949
Total deferred inflows of resources	<u>411,949</u>
NET POSITION	
Restricted for:	
Emergency reserves	7,500
Debt service	369,622
Unrestricted	(1,311,497)
Total net position	<u>\$ (934,375)</u>

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

PLUM CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:						
Government activities:						
General government	\$ 52,624	\$ -	\$ -	\$ -	-	\$ (52,624)
Interest and related costs on long-term debt	92,337	-	-	-	-	(92,337)
	<u>\$ 144,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(144,961)</u>
General revenues:						
Property taxes						397,874
Specific ownership taxes						30,960
Net investment income						2,801
Total general revenues						431,635
Change in net position						286,674
Net position - Beginning						(1,221,049)
Net position - Ending						\$ (934,375)

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

**PLUM CREEK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 142,035	\$ -	\$ 142,035
Cash and investments - Restricted	7,500	369,328	376,828
Interest receivable	98	294	392
Receivable - County Treasurer	2,244	-	2,244
Property taxes receivable	224,387	187,562	411,949
TOTAL ASSETS	\$ 376,264	\$ 557,184	\$ 933,448
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,061	\$ -	\$ 6,061
Total liabilities	6,061	-	6,061
 DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	224,387	187,562	411,949
Total deferred inflows of resources	224,387	187,562	411,949
 FUND BALANCES			
Restricted for:			
Emergency reserves	7,500	-	7,500
Debt service	-	369,622	369,622
Unassigned	138,316	-	138,316
Total fund balances	145,816	369,622	515,438
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 376,264	\$ 557,184	

Amounts reported for governmental activities in the statement of net position are different because:

Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds		
Cost of refunding, net		23,929
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable		(1,470,556)
Bond interest payable		(3,186)
Net position of governmental activities		\$ (934,375)

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

PLUM CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 216,720	\$ 181,154	\$ 397,874
Specific ownership taxes	30,960	-	30,960
Net investment income	701	2,100	2,801
Total revenues	<u>248,381</u>	<u>183,254</u>	<u>431,635</u>
EXPENDITURES			
Current			
Accounting	19,965	6,445	26,410
Audit	4,251	-	4,251
County Treasurer's fees	3,256	2,722	5,978
District management	9,262	-	9,262
Dues and membership	485	-	485
Insurance and bonds	2,608	-	2,608
Legal	8,086	4,193	12,279
Election	4,036	-	4,036
Miscellaneous	675	-	675
Debt service			
Bond principal	-	229,444	229,444
Interest expense - Bonds	-	38,429	38,429
Bond issue costs	-	37,500	37,500
Total expenditures	<u>52,624</u>	<u>318,733</u>	<u>371,357</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>195,757</u>	<u>(135,479)</u>	<u>60,278</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	(175,000)	175,000	-
Bond issuance	-	1,700,000	1,700,000
Payment to refunding escrow	-	(2,020,657)	(2,020,657)
Total other financing sources (uses)	<u>(175,000)</u>	<u>(145,657)</u>	<u>(320,657)</u>
NET CHANGE IN FUND BALANCES	20,757	(281,136)	(260,379)
FUND BALANCES - BEGINNING OF YEAR	<u>125,059</u>	<u>650,758</u>	<u>775,817</u>
FUND BALANCES - END OF YEAR	<u>\$ 145,816</u>	<u>\$ 369,622</u>	<u>\$ 515,438</u>

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

**PLUM CREEK 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, 2012**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$ (260,379)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Bond issuance	(1,700,000)
Payment to refunding escrow	2,020,657
Current year bond principal payment	229,444
Current year amortization of bond refunding costs	(6,728)

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.

Accrued interest on bonds - Change in liability	<u>3,680</u>
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Changes in net position of governmental activities	<u><u>\$ 286,674</u></u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

**PLUM CREEK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2012**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 217,167	\$ 216,720	\$ (447)
Specific ownership taxes	27,910	30,960	3,050
Net investment income	1,500	701	(799)
Total revenues	<u>246,577</u>	<u>248,381</u>	<u>1,804</u>
EXPENDITURES			
Current			
Accounting	25,000	19,965	5,035
Audit	4,300	4,251	49
County Treasurer's fees	3,258	3,256	2
District management	11,000	9,262	1,738
Dues and membership	350	485	(135)
Insurance and bonds	3,000	2,608	392
Legal	18,000	8,086	9,914
Election	3,700	4,036	(336)
Miscellaneous	1,500	675	825
Contingency	1,892	-	1,892
Total expenditures	<u>72,000</u>	<u>52,624</u>	<u>19,376</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>174,577</u>	<u>195,757</u>	<u>21,180</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(175,000)	(175,000)	-
Total other financing sources (uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(423)	20,757	21,180
FUND BALANCES - BEGINNING OF YEAR	127,428	125,059	(2,369)
FUND BALANCES - END OF YEAR	<u>\$ 127,005</u>	<u>\$ 145,816</u>	<u>\$ 18,811</u>

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

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 - DEFINITION OF REPORTING ENTITY

Plum Creek Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Castle Rock (Town) on August 14, 1985, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Douglas County, Colorado and is entirely within the Town of Castle Rock. The District was established to finance the construction of water, irrigation and landscaping, sewer, storm drainage, park and recreation facilities, street improvements, traffic and safety control devices and transportation services and erosion abatement.

An amended service plan and associated Master Intergovernmental Agreement (IGA) which supercedes the prior service plan and IGA entirely was approved by the Town of Castle Rock on July 23, 1998. The service plan and IGA restricts the District as follows:

- All constructed facilities shall be conveyed to the Town upon completion. The District is prohibited from owning, managing, adjusting or developing water rights.
- The District does not acquire a right to any portion of the Town's development fees for exactions, nor does the District have the right or ability to impose any capital recovery fees or exactions, unless approved by the Town.
- The District shall not issue bonds without the approval of the Town.
- Bonds to be issued are limited to \$3,600,000, unless a greater amount is approved by the Town.
- Generally, the District shall not levy a property tax mill rate greater than 40 mills for all general obligation indebtedness. The requirement was removed by the Town on August 22, 2003.
- Must initiate dissolution of the District at such time as debt is repaid and all facilities have been completed and conveyed to the Town.
- The Town is in no manner restricted from exercising its inherent powers, including imposition of fees by the Town, growth limitations or to take properties off the tax rolls such as the acquisition of open space, even though there may be a negative fiscal impact to the District by these actions.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities,

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

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

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

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. 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources of the District being reported as net position.

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 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.

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

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The District reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the District. It accounts for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term obligation principal, interest and related costs.

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.

Budgets

In accordance with the State 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 and other financing uses 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.

Supplementary appropriations approved by the District's Board of Directors modified the 2012 appropriations from \$335,000 to \$2,355,000 in the Debt Service Fund.

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fund's average equity balance in the total cash.

Investments are carried at fair value.

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and July. 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 inflow of resources in the year they are levied and measurable. The property tax revenue are recorded as revenue in the year they are available or collected.

Cost of Refunding

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

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the District’s policy to use the most restrictive classification first.

New Accounting Pronouncements

Effective January 1, 2012, the District implemented the provisions of GASB No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and early implemented the provisions of GASB No. 65, “*Items Previously Reported as Assets and Liabilities*”.

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB No. 63 provides guidance for reporting deferred outflows and deferred inflows of resources as introduced and defined in GASB Concepts Statement No. 4 "*Elements of Financial Statements*" (Concepts Statement No. 4). Concepts Statement No. 4 defines a deferred outflow of resources as a consumption of net assets that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets applicable to a future reporting period. The impact on the District's financial statements has been to replace the term "net assets" with "net position".

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities. The impact on the District's financial statements has been to record property taxes to be collected in 2013 as a deferred inflow of resources and to record net cost of bond refunding as a deferred outflow of resources.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash and investments as of December 31, 2012 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 142,035
Cash and investments - Restricted	<u>376,828</u>
Total cash and investments	<u>\$ 518,863</u>

Cash and investments as of December 31, 2012 consist of the following:

Deposits with financial institutions	\$ <u>518,863</u>
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Deposits with Financial Institutions

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 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.

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2012, the District's cash deposits had a bank and carrying balance of \$518,863.

Investments

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2012, the District had no investments.

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 4 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2012:

	<u>Balance at December 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2012</u>	<u>Due Within One Year</u>
2003 General Obligation Refunding Bonds	\$ 1,990,000	\$ -	\$ 1,990,000	\$ -	\$ -
2012 General Obligation Refunding Bonds	-	1,700,000	229,444	1,470,556	229,639
	<u>\$ 1,990,000</u>	<u>\$ 1,700,000</u>	<u>\$ 2,219,444</u>	<u>\$ 1,470,556</u>	<u>\$ 229,639</u>

\$3,590,000 General Obligation Refunding Bonds, dated September 1, 2003, with interest of 1.10% to 4.35%, payable semiannually on each June 1 and December 1. The bonds are subject to redemption prior to maturity, at the option of the District, beginning on December 1, 2011, upon payment of par, accrued interest, and a redemption premium as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2011 to November 30, 2012	1.00%
December 1, 2012 and thereafter	0.00%

The principal and interest of these bonds are insured as to repayment by Syncora Guarantee, Inc. (formerly XL Capital Assurance Inc.).

Subsequent to the issuance of these bonds, Syncora Guarantee, Inc.'s credit rating has been downgraded. Information about the current rating for Syncora Guarantee, Inc. can be obtained from the ratings agencies, Standard & Poor's, Moody's or Fitch or from the insurer. It is not anticipated that this downgrade will have any effect on the District's ability to make debt service payments.

On January 18, 2012, the District refunded and defeased (debt legally satisfied) \$1,990,000 of General Obligation Refunding bonds dated September 1, 2003 by the issuance of \$1,700,000 General Obligation Refunding bonds.

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

\$1,700,000 General Obligation Refunding Bonds, dated January 18, 2012, with interest of 2.60%, consisting of current interest bonds due annually through 2018. The bonds are subject to redemption prior to maturity, at the option of the District, with not less than 30 days written notice. The prepayment fee will be equal to 3% of the amount prepaid in the first year, 2% of the amount prepaid in the second year, and 1% of the amount prepaid in the third year. There shall be no prepayment fee for amounts paid in year four and thereafter.

Total bond principal and interest mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 229,639	\$ 38,234	\$ 267,873
2014	235,609	32,264	267,873
2015	241,735	26,138	267,873
2016	248,020	19,853	267,873
2017	254,468	13,405	267,873
2018	261,085	6,788	267,873
	<u>\$ 1,470,556</u>	<u>\$ 136,682</u>	<u>\$ 1,607,238</u>

Refunding

On January 18, 2012, the District advance refunded and defeased (debt legally satisfied) \$1,990,000 of General Obligation Refunding bonds dated September 1, 2003 with interest rates ranging from 4.00% to 4.35% by the issuance of \$1,700,000 General Obligation Refunding bonds dated January 18, 2012 with an interest rate of 2.60%. The District refunded the 2003 Series bonds to reduce its total debt service payments over the next 7 years by \$465,599 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$405,780. The defeased bonds are not considered a liability of the District since sufficient funds in the amount of \$2,020,657 were deposited with a trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds. On December 1, 2012, the bonds were repaid in entirety from the remaining funds in the escrow account.

In the government-wide statements, the District incurred a cost on bond refunding in the amount of \$30,657, which has been deferred and is being amortized over the life of the new debt.

PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 7, 1996, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$15,500,000 at an interest rate not to exceed 18% per annum. However, the amended service plan limits the indebtedness to \$3,600,000. At December 31, 2012, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 7, 1996	Authorization Used		Authorized But Unissued
		Series 1999 Bonds	Series 2003 Bonds	
Street improvements	\$ 3,550,000	\$ 1,575,000	\$ -	\$ 1,975,000
Water supply	1,085,000	450,000	-	635,000
Sanitary sewer	2,050,000	1,575,000	-	475,000
Traffic and safety	180,000	-	-	180,000
Park and recreation	135,000	-	-	135,000
Debt refunding	8,500,000	-	3,590,000	4,910,000
	<u>\$ 15,500,000</u>	<u>\$ 3,600,000</u>	<u>\$ 3,590,000</u>	<u>\$ 8,310,000</u>

NOTE 5 - NET POSITION

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

The restricted component of net position includes the assets 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, 2012 as follows:

	<u>Governmental Activities</u>
Restricted net position:	
Emergencies	\$ 7,500
Debt service reserve	369,622
Total restricted net position	<u>\$ 377,122</u>

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 5 - NET POSITION (CONTINUED)

The unrestricted component of net position as of December 31, 2012 totaled \$(1,311,497). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 6 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to 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, 2012. 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 and public officials liability. 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 7 - 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 which 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.

**PLUM CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 7 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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.

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.

On May 7, 1996, voters within the District approved the following measures:

An annual operations property tax increase of \$72,000, commencing in 1996,

A 1996 revenue and spending increase of \$360,000, and

Effective 1996 and thereafter, the collection and spending of all District revenue.

The voters' approvals are to be considered without regard to any spending, revenue raising or other limitations contained within TABOR or the 5.5% property tax limitation contained within Colorado revised statutes.

NOTE 8 - INTERFUND AND OPERATING TRANSFERS

The transfer of \$175,000 from the General Fund to the Debt Service Fund was to transfer excess monies in the General Fund to be used to make debt payments.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**PLUM CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 181,527	\$ 181,527	\$ 181,154	\$ (373)
Net investment income	4,500	4,500	2,100	(2,400)
Total revenues	<u>186,027</u>	<u>186,027</u>	<u>183,254</u>	<u>(2,773)</u>
EXPENDITURES				
Current				
Accounting	-	7,000	6,445	555
County Treasurer's fees	2,723	2,723	2,722	1
Legal	-	7,000	4,193	2,807
Contingency	4,732	11,246	-	11,246
Debt service				
Bond principal	245,000	229,444	229,444	-
Interest expense - Bonds	82,395	49,187	38,429	10,758
Paying agent fees	150	1,000	-	1,000
Bond issue costs	-	37,500	37,500	-
Total expenditures	<u>335,000</u>	<u>345,100</u>	<u>318,733</u>	<u>26,367</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(148,973)</u>	<u>(159,073)</u>	<u>(135,479)</u>	<u>23,594</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	175,000	175,000	175,000	-
Bond issuance	-	1,700,000	1,700,000	-
Payment to refunding escrow	-	(2,009,900)	(2,020,657)	(10,757)
Total other financing sources (uses)	<u>175,000</u>	<u>(134,900)</u>	<u>(145,657)</u>	<u>(10,757)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	26,027	(293,973)	(281,136)	12,837
FUND BALANCES - BEGINNING OF YEAR	<u>651,828</u>	<u>651,828</u>	<u>650,758</u>	<u>(1,070)</u>
FUND BALANCES - END OF YEAR	<u>\$ 677,855</u>	<u>\$ 357,855</u>	<u>\$ 369,622</u>	<u>\$ 11,767</u>

**PLUM CREEK METROPOLITAN DISTRICT
 SCHEDULE OF GENERAL OBLIGATION REFUNDING BONDS
 DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2012**

\$1,700,000 General Obligation Refunding Bonds Series 2012 Dated January 18, 2012 Interest Rate 2.60%			
<u>Year Ended December 31,</u>	<u>Principal Due December 1</u>	<u>Interest Due June 1 and December 1</u>	<u>Total</u>
2013	\$ 229,639	\$ 38,234	\$ 267,873
2014	235,609	32,264	267,873
2015	241,735	26,138	267,873
2016	248,020	19,853	267,873
2017	254,468	13,405	267,873
2018	261,085	6,788	267,873
	<u>\$ 1,470,556</u>	<u>\$ 136,682</u>	<u>\$ 1,607,238</u>

**PLUM CREEK METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2012**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied for General Fund</u>	<u>Levied for Debt Service Fund</u>	<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
				<u>Levied</u>	<u>Collected</u>	
2008	\$ 20,429,450	12.528	10.472	\$ 469,877	\$ 469,065	99.83%
2009	\$ 21,363,240	12.528	10.472	\$ 491,353	\$ 491,167	99.96%
2010	\$ 19,695,276	12.528	10.472	\$ 452,991	\$ 451,588	99.69%
2011	\$ 19,882,880	12.528	10.472	\$ 457,306	\$ 452,248	98.89%
2012	\$ 17,334,550	12.528	10.472	\$ 398,694	\$ 397,874	99.79%
Estimated for year ending December 31, 2013	\$ 17,910,830	12.528	10.472	\$ 411,949		

Property taxes collected in any one year may include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

2013 Budget
Plum Creek Metropolitan District



Accountant's Compilation Report

Board of Directors
Plum Creek Metropolitan District
Douglas County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances of the Plum Creek Metropolitan District for the General Fund and Debt Service Fund for the year ending December 31, 2012, including the forecasted estimate of comparative information for the year ending December 31, 2011, in accordance with attestation standards established by the American Institute of Certified Public Accountants. A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2010 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2010, as prepared by Wagner Barnes, P.C., dated July 5, 2011, in which an unqualified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to Plum Creek Metropolitan District.

Clifton Gunderson LLP

Greenwood Village, Colorado
November 21, 2011

**PLUM CREEK METROPOLITAN DISTRICT
SUMMARY**

**FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED**

For the Years Ended and Ending December 31,

11/21/2011

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 559,129	\$ 668,556	\$ 779,256
REVENUES			
1 Property taxes	451,588	454,658	398,694
2 Specific ownership taxes	31,190	30,350	27,910
3 Net investment income	6,028	5,435	6,000
Total revenues	<u>488,806</u>	<u>490,443</u>	<u>432,604</u>
TRANSFERS IN	<u>150,000</u>	<u>250,000</u>	<u>175,000</u>
Total funds available	<u>1,197,935</u>	<u>1,408,999</u>	<u>1,386,860</u>
EXPENDITURES			
General and administration			
4 Accounting	20,489	20,000	25,000
5 Audit	4,127	4,253	4,300
6 Contingency	-	-	1,892
7 County Treasurer's fees	3,694	3,715	3,258
8 District management	10,429	8,000	11,000
9 Dues and membership	319	317	350
10 Election	3,629	-	3,700
11 Insurance	2,109	2,108	3,000
12 Legal	10,888	15,000	18,000
13 Miscellaneous	612	1,500	1,500
Debt Service			
14 Bond interest	99,845	91,595	82,395
15 Bond principal	220,000	230,000	245,000
16 Contingency	-	-	4,732
17 County Treasurer's fees	3,088	3,105	2,723
18 Paying agent fees	150	150	150
Total expenditures	<u>379,379</u>	<u>379,743</u>	<u>407,000</u>
TRANSFERS OUT	<u>150,000</u>	<u>250,000</u>	<u>175,000</u>
Total expenditures and transfers out requiring appropriation	<u>529,379</u>	<u>629,743</u>	<u>582,000</u>
ENDING FUND BALANCES	<u>\$ 668,556</u>	<u>\$ 779,256</u>	<u>\$ 804,860</u>
EMERGENCY RESERVE	<u>\$ 8,400</u>	<u>\$ 8,400</u>	<u>\$ 7,400</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**PLUM CREEK METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

11/21/2011

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
ASSESSED VALUATION - DOUGLAS			
Residential	\$ 16,892,920	\$ 17,000,030	\$ 15,060,180
Commercial	180	180	160
Vacant Land	2,836,230	2,756,480	2,146,550
Personal Property	87,800	82,120	75,870
State Assessed	36,720	44,070	51,790
Certified Assessed Value	<u>\$ 19,853,850</u>	<u>\$ 19,882,880</u>	<u>\$ 17,334,550</u>
MILL LEVY			
GENERAL FUND	12.528	12.528	12.528
DEBT SERVICE FUND	10.472	10.472	10.472
Total Mill Levy	<u>23.000</u>	<u>23.000</u>	<u>23.000</u>
PROPERTY TAXES			
GENERAL FUND	\$ 248,729	\$ 249,093	\$ 217,167
DEBT SERVICE FUND	207,910	208,213	181,527
Levied property taxes	456,639	457,306	398,694
Adjustments to actual/rounding	(5,051)	-	-
Refund and abatements	"	(2,648)	-
Budgeted Property Taxes	<u>\$ 451,588</u>	<u>\$ 454,658</u>	<u>\$ 398,694</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 245,978	\$ 247,650	\$ 217,167
DEBT SERVICE FUND	205,610	207,008	181,527
	<u>\$ 451,588</u>	<u>\$ 454,658</u>	<u>\$ 398,694</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**PLUM CREEK METROPOLITAN DISTRICT
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,**

11/21/2011

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 80,706	\$ 152,941	\$ 127,428
REVENUES			
1 Property taxes	245,978	247,650	217,167
2 Specific ownership taxes	31,190	30,350	27,910
3 Net investment income	1,363	1,380	1,500
Total revenues	<u>278,531</u>	<u>279,380</u>	<u>246,577</u>
Total funds available	<u>359,237</u>	<u>432,321</u>	<u>374,005</u>
EXPENDITURES			
General and administration			
4 Accounting	20,489	20,000	25,000
5 Audit	4,127	4,253	4,300
6 Contingency	-	-	1,892
7 County Treasurer's fees	3,694	3,715	3,258
8 District management	10,429	8,000	11,000
9 Dues and membership	319	317	350
10 Election	3,629	-	3,700
11 Insurance	2,109	2,108	3,000
12 Legal	10,888	15,000	18,000
13 Miscellaneous	612	1,500	1,500
Total expenditures	<u>56,296</u>	<u>54,893</u>	<u>72,000</u>
TRANSFERS OUT			
DEBT SERVICE FUND	150,000	250,000	175,000
Total transfers out	<u>150,000</u>	<u>250,000</u>	<u>175,000</u>
Total expenditures and transfers out requiring appropriation	<u>206,296</u>	<u>304,893</u>	<u>247,000</u>
ENDING FUND BALANCES	<u>\$ 152,941</u>	<u>\$ 127,428</u>	<u>\$ 127,005</u>
EMERGENCY RESERVE	<u>\$ 8,400</u>	<u>\$ 8,400</u>	<u>\$ 7,400</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**PLUM CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,**

11/21/2011

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 478,423	\$ 515,615	\$ 651,828
REVENUES			
1 Property taxes	205,610	207,008	181,527
2 Net investment income	4,665	4,055	4,500
Total revenues	<u>210,275</u>	<u>211,063</u>	<u>186,027</u>
TRANSFERS IN			
GENERAL FUND	150,000	250,000	175,000
Total transfers in	<u>150,000</u>	<u>250,000</u>	<u>175,000</u>
Total funds available	<u>838,698</u>	<u>976,678</u>	<u>1,012,855</u>
EXPENDITURES			
Debt Service			
3 Bond interest	99,845	91,595	82,395
4 Bond principal	220,000	230,000	245,000
5 Contingency	"	"	4,732
6 County Treasurer's fees	3,088	3,105	2,723
7 Paying agent fees	150	150	150
Total expenditures	<u>323,083</u>	<u>324,850</u>	<u>335,000</u>
Total expenditures and transfers out requiring appropriation	<u>323,083</u>	<u>324,850</u>	<u>335,000</u>
ENDING FUND BALANCES	<u>\$ 515,615</u>	<u>\$ 651,828</u>	<u>\$ 677,855</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**PLUM CREEK METROPOLITAN DISTRICT
2012 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized on August 14, 1985, to provide financing for the construction of water, irrigation, sewer, storm drainage, landscaping, erosion abatement, park and recreation facilities, street improvements, traffic and safety-control devices and transportation services. The District's service area is located in Douglas County, Colorado entirely within the Town of Castle Rock.

On May 7, 1996, the District's qualified electors authorized general obligation indebtedness in an amount not to exceed \$7,000,000 at an interest rate not to exceed 18% per annum, payable from taxes from an ad valorem mill levy not to exceed 40 mills. The election also allows the District an annual operations property tax increase of \$72,000, from which the revenues may be retained without regard to the limitations contained in Article X, Section 20 of the Colorado Constitution or any other law. Pursuant to the amended service plan, the District is limited to issuing \$3,600,000 in bonds. Any debt issuance in excess of this limit would have to be approved by the Town of Castle Rock.

The District prepares its budget on the modified accrual basis of accounting.

Revenues

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 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.

The calculation of the taxes levied is displayed on page 3 at the adopted mill levy of 23.000 mills.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The District has estimated that its share will equal approximately 7% of the property taxes collected.

**PLUM CREEK METROPOLITAN DISTRICT
2012 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Interest

Interest earned on projected funds available has been estimated using a rate of approximately 0.5%.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, banking, and meeting costs.

Debt Service

During 2003, the District issued General Obligation Refunding Bonds Series 2003 for the purpose of refunding the Series 1999 General Obligation Limited Tax Bonds. The Bond principal and interest payments are provided based on the debt amortization schedule, which has an increasing debt service schedule through maturity in 2018 with an interest rate of 1.10% to 4.35%. The bonds are subject to redemption prior to maturity, at the option of the District, beginning December 1, 2011, upon payment of par, accrued interest, and a 1.00% redemption premium. After December 1, 2012, the bonds may be redeemed without a redemption premium.

Debt and Leases

The District's current debt service schedule is attached. The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3% of fiscal year spending for 2012, as defined under TABOR.

This information is an integral part of the forecasted budget.

**PLUM CREEK METROPOLITAN DISTRICT
SCHEDULE OF GENERAL OBLIGATION REFUNDING BONDS**

\$3,590,000			
General Obligation			
Refunding Bonds			
Series 2003			
Dated September 1, 2003			
Interest Rate 1.1%-4.35%			
<u>Year Ended December 31,</u>	<u>Principal Due December 1</u>	<u>Interest Due June 1 and December 1</u>	<u>Total</u>
2012	\$ 245,000	\$ 82,395	\$ 327,395
2013	255,000	72,595	327,595
2014	270,000	62,395	332,395
2015	280,000	51,460	331,460
2016	300,000	39,980	339,980
2017	310,000	27,530	337,530
2018	330,000	14,355	344,355
	<u><u>\$ 1,990,000</u></u>	<u><u>\$ 350,710</u></u>	<u><u>\$ 2,340,710</u></u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.