

**CASTLE OAKS METROPOLITAN DISTRICT  
TOWN OF CASTLE ROCK, COLORADO**

**2014 ANNUAL REPORT**

Pursuant to the Amended and Restated Service Plan for Castle Oaks Metropolitan District (the "District"), the District is required to submit an annual report to the Town of Castle Rock, Colorado (the "Town") which reflects activity and financial events of the District through the preceding December 31 (the "report year") and includes the following:

For the year ending December 31, 2014, the District makes the following report:

A. A narrative summary of the progress of the District in implementing its service plan for the report year.

The District has previously constructed and financed a large portion of the infrastructure necessary to serve the property within its boundaries. The construction of additional public infrastructure by the District has not been necessary.

B. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (i.e. balance sheet) as of December 31 of the report year and the statement of operations (i.e. revenues and expenditures) for the report year.

A copy of the audit for the District for the year ending December 31, 2014 is attached hereto as **Exhibit A**.

C. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year.

There are no planned improvements scheduled for the District.

D. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness or long-term obligations issued in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and the current mill levy of the District pledged to debt retirement in the report year.

A summary of the financial obligations of the District can be found in the 2015 budget attached as **Exhibit B**.

E. The District's budget for the calendar year in which the annual report is submitted.

A copy of the District's 2015 budget is attached as **Exhibit B**.

F. A summary of residential and commercial development that has occurred within the District for the report year.

- No Commercial Development has occurred.
- Development of the following Planning Areas which were subsequently completed in 2015
  - PA 27 Phase 2 – 41 Single Family Detached Lots
- Development of the following Planning Areas which are under construction in 2015
  - PA 30 – 88 Single Family Detached Lots
  - PA 33 – 55 Single Family Detached Lots

G. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year.

The District imposes a facilities development fee on the property within the District in the amount of \$3,465.

H. Certification of the Boards that no action, event, or condition of Section 11.02.060 (Material Modification of Service Plan) has occurred in the report year.

The Certificate is attached as **Exhibit C**.

I. The names, business addresses and phone numbers of all members of the Boards and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the board.

Boards of Directors:

**Christian Matthew Janke**  
E5X Management  
7353 South Alton Way  
Centennial, CO 80112  
303-770-9111

**Sandi Thomas**  
Sinclair-McLean, Inc.  
14 Cottonwood Lane  
Greenwood Village, CO 80121  
303-929-0261

Regular Meetings:

Date: First Wednesday of June and November

Place: 1465 Autumn Sage Street, Castle Rock, Colorado

Time: 9:00 a.m.

General Counsel:

Kristin Tompkins, Esq.

WHITE BEAR ANKELE TANAKA & WALDRON

Attorneys at Law

2154 E Commons Ave, Suite 2000

Centennial, CO 80122

**EXHIBIT A**

**Audit the Year Ending December 31, 2014**

CASTLE OAKS METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2014

With

Independent Auditors' Report

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Certified Public Accountants and Business Consultants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Castle Oaks Metropolitan District  
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Castle Oaks Metropolitan District (the District) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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 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 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 Castle Oaks Metropolitan District, as of December 31, 2014, 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 statement in an appropriate operation, 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 & Briggs, PC*

Lakewood, Colorado  
July 19, 2015



**CASTLE OAKS METROPOLITAN DISTRICT**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments	\$ 23,435	\$ -	\$ -	\$ 23,435	\$ -	\$ 23,435
Cash and investments - restricted	-	2,893,370	-	2,893,370	-	2,893,370
Receivable county treasurer	360	4,135	-	4,495	-	4,495
Property taxes receivable	51,946	597,377	-	649,323	-	649,323
Due from other funds	-	14,665	14,836	29,501	-	29,501
Due from other districts	6,800	-	-	6,800	-	6,800
Total Assets	<u>82,541</u>	<u>3,509,547</u>	<u>14,836</u>	<u>3,606,924</u>	<u>-</u>	<u>3,606,924</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding	-	-	-	-	772,853	772,853
Total Deferred Outflows of Resources	-	-	-	-	772,853	772,853
Total Assets and Deferred Outflows of Resources	<u>\$ 82,541</u>	<u>\$ 3,509,547</u>	<u>\$ 14,836</u>	<u>\$ 3,606,924</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 3,864	\$ 41,580	\$ -	\$ 45,444	-	45,444
Due to other funds	29,501	-	-	29,501	-	29,501
Accrued interest on bonds	-	-	-	-	78,031	78,031
Long-term liabilities:						
Due in more than one year	-	-	-	-	18,534,581	18,534,581
Total Liabilities	<u>33,365</u>	<u>41,580</u>	<u>-</u>	<u>74,945</u>	<u>18,612,612</u>	<u>18,687,557</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	51,946	597,377	-	649,323	-	649,323
Total Deferred Inflows of Resources	<u>51,946</u>	<u>597,377</u>	<u>-</u>	<u>649,323</u>	<u>-</u>	<u>649,323</u>
<b>FUND BALANCE</b>						
Restricted:						
Emergencies	1,667	-	-	1,667	(1,667)	-
Debt service	-	2,870,590	-	2,870,590	(2,870,590)	-
Capital projects	-	-	14,836	14,836	(14,836)	-
Unassigned	(4,437)	-	-	(4,437)	4,437	-
Total Fund Balances	<u>(2,770)</u>	<u>2,870,590</u>	<u>14,836</u>	<u>2,882,656</u>	<u>(2,882,656)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 82,541</u>	<u>\$ 3,509,547</u>	<u>\$ 14,836</u>	<u>\$ 3,606,924</u>		
<b>NET POSITION</b>						
Restricted for:						
Emergencies					1,667	1,667
Debt service					2,792,559	2,792,559
Capital projects					14,836	14,836
Unrestricted					(17,766,165)	(17,766,165)
Total Net Position (Deficit)					<u>\$ (14,957,103)</u>	<u>\$ (14,957,103)</u>

The notes to the financial statements are an integral part of these statements.

**CASTLE OAKS METROPOLITAN DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
Accounting and audit	\$ 18,633	\$ -	\$ -	\$ 18,633	\$ -	\$ 18,633
Insurance	2,779	-	-	2,779	-	2,779
Legal	34,081	-	-	34,081	-	34,081
Miscellaneous expenses	60	-	-	60	-	60
Treasurer's fees	668	7,675	-	8,343	-	8,343
Bond interest expense	-	936,375	-	936,375	97,719	1,034,094
Paying agent fees	-	3,000	-	3,000	-	3,000
Total Expenditures	<u>56,221</u>	<u>947,050</u>	<u>-</u>	<u>1,003,271</u>	<u>97,719</u>	<u>1,100,990</u>
<b>PROGRAM REVENUES</b>						
System development fees	<u>-</u>	<u>145,530</u>	<u>-</u>	<u>145,530</u>	<u>-</u>	<u>145,530</u>
	<u>-</u>	<u>145,530</u>	<u>-</u>	<u>145,530</u>	<u>-</u>	<u>145,530</u>
<b>GENERAL REVENUES</b>						
Property taxes	44,450	511,174	-	555,624	-	555,624
Specific ownership taxes	3,988	45,863	-	49,851	-	49,851
Miscellaneous income	86	-	-	86	-	86
Interest income	44	3,148	-	3,192	-	3,192
Total General Revenues	<u>48,568</u>	<u>560,185</u>	<u>-</u>	<u>608,753</u>	<u>-</u>	<u>608,753</u>
NET CHANGE IN FUND BALANCES	(7,653)	(241,335)	-	(248,988)	248,988	
CHANGE IN NET POSITION					(346,707)	(346,707)
<b>FUND BALANCE/NET POSITION</b>						
BEGINNING OF YEAR	<u>4,883</u>	<u>3,111,925</u>	<u>14,836</u>	<u>3,131,644</u>	<u>(17,742,040)</u>	<u>(14,610,396)</u>
END OF YEAR	<u>\$ (2,770)</u>	<u>\$ 2,870,590</u>	<u>\$ 14,836</u>	<u>\$ 2,882,656</u>	<u>\$ (17,839,759)</u>	<u>\$ (14,957,103)</u>

The notes to the financial statements are an integral part of these statements.

## CASTLE OAKS METROPOLITAN DISTRICT

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 44,450	\$ 44,450	\$ -
Specific ownership taxes	3,334	3,988	654
Miscellaneous income	-	86	86
Interest income	-	44	44
Total Revenues	<u>47,784</u>	<u>48,568</u>	<u>784</u>
<b>EXPENDITURES</b>			
Accounting and audit	14,000	18,633	(4,633)
Election expense	3,000	-	3,000
Insurance	3,000	2,779	221
Legal	25,000	34,081	(9,081)
Miscellaneous expenses	500	60	440
Treasurers fees	667	668	(1)
Contingency	11,135	-	11,135
Emergency reserve	1,385	-	1,385
Total Expenditures	<u>58,687</u>	<u>56,221</u>	<u>2,466</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10,903)</b>	<b>(7,653)</b>	<b>3,250</b>
<b>FUND BALANCE</b>			
BEGINNING OF YEAR	<u>10,903</u>	<u>4,883</u>	<u>(6,020)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ (2,770)</u>	<u>\$ (2,770)</u>

The notes to the financial statements are an integral part of these statements.

## CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

### Note 1: Summary of Significant Accounting Policies

The accounting policies of Castle Oaks Metropolitan District (“the District”), located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized in November 2001, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide street improvements, water and sanitation, parks and recreation, safety protection, transportation services, mosquito control and television relay and translation. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

#### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

# CASTLE OAKS METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2014

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 fiscal period. The material 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 paid.

## CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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. The appropriation is at the total fund expenditures level and lapses at year end.

### Assets, Liabilities and Net Position:

#### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2014, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

## CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

### Internal Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. These amounts are eliminated in the Statement of Net Position.

### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

### 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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

## CASTLE OAKS METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2014

#### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

#### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

#### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,667 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$2,870,590 is restricted for the payment of the debt service costs associated with the Limited Tax General Obligation bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$14,836 is restricted for the payment of the costs for capital improvements within the District.

#### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

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

#### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.



CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

Deficits

The General Fund reported a deficit fund balance in the fund financial statements of \$(2,770). The District anticipates eliminating the deficit with property tax income budgeted for 2015.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

*Net investment in capital assets* – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. As of December 31, 2014, the District had no investment in capital assets.

*Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

*Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

Note 2: Cash and Investments

As of December 31, 2014, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 23,435
Cash and investments – Restricted	<u>2,893,370</u>
Total	<u>\$ 2,916,805</u>

Cash and investments as of December 31, 2014 consist of the following:

Deposits with financial institutions	\$ 16,140
Investments – CSAFE	1,705,824
Investments – COLOTRUST	<u>1,194,841</u>
	<u>\$ 2,916,805</u>

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. 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.

The District does not have a formal deposit policy. None of the District’s deposits were exposed to custodial credit risk.

Investments:

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

## CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

### Interest Rate Risk

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

As of December 31, 2014, the District had the following investments:

### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s and the maturity is weighted average under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2014, the District had \$1,194,841 invested in COLOTRUST.

### CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust (“CSAFE”), is rated AAAM by Standard and Poor’s and the maturity is weighted average under 60 days. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians’ internal records identify the investments owned by CSAFE. At December 31, 2014, the District had \$1,705,824 invested in CSAFE.

### Note 3: Capital Assets

Upon completion and acceptance, all capital assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance. All capital assets have been conveyed to the Town of Castle Rock in prior years.

CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2014, is as follows:

General Obligation Refunding Bonds, Series 2012. On December 18, 2012, \$17,025,000 of General Obligation Refunding Bonds Series 2012 were issued to refund the General Obligation Bonds Series 2005. The Series 2012 bonds mature on December 1, 2022 and bear interest at 5.50%. The interest is payable semiannually on each June 1 and December 1. The bonds are subject to an early redemption prior to their respective maturities at the option of the District, at a redemption price equal to the principal amount plus accrued interest to the redemption date, without a redemption premium, on December 1, 2017 or any date thereafter.

The bonds are payable from pledged revenue consisting of the required mill levy; capital fees, if any; the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy and any other legally available moneys which the District determines, in its sole discretion, to transfer to the Trustee for application as Pledged Revenue. Until such a time that the District's outstanding debt is less than 50% of the assessed valuation of all taxable property of the District, the mill levy cannot be in excess of 61.181 mills adjusted for change in assessed value calculation, and for so long as the Surplus Fund is less than the Maximum Surplus Amount, such mill levy cannot be less than 46.0 mills. The bonds are also secured by a partial Debt Service Guaranty and a Reserve Fund of \$1,702,500. The District realized a net present value loss of \$1,014,089 by refunding the Series 2005 Bonds.

Facility Acquisition Agreement. On September 24, 2004 and as amended on January 1, 2009, the District entered into a Facilities Acquisition Agreement with Autumn Sage Development LTD, (the "Former Developer"), whereby the Former Developer agreed to pay for construction of public improvements and the District agreed to reimburse the Former Developer from bond issues, plus interest at 8% per annum from the date of each advance until repayment. The District's obligation to pay amounts due under the agreement is subject to annual appropriation and the debt is not construed as multiple fiscal year debt.

During 2010, the Castle Oaks Estates, LLC and Autumn Sage Development LTD relationship with the District ended and the Former Developer forgave \$3,180,375 of note principal and \$3,174,154 of note interest and transferred the remaining principal balance of \$9,000,000 to a Taxable Promissory Note between the District and Autumn Sage Development, LTD.

In May 2011 a Termsheet for Settlement of the \$9,000,000 Promissory Note Dispute was signed by the District, Autumn Sage Development, Ltd. and Starwood Land Ventures ("Termsheet"). In the Termsheet the parties agree that the \$9,000,000 note was invalid and the obligation to repay has reverted back to the annual obligation of the District under the Facility Acquisition Agreement with 1/9<sup>th</sup> owed to Autumn Sage Development, Ltd. and 8/9<sup>th</sup> owed to Starwood Land Ventures. The Termsheet was superseded by the Settlement Agreement.

CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

Settlement Agreement. On November 13, 2012, Autumn Sage Development, Ltd. Castle Oaks Estates, LLC and SLV Castle Oaks, LLC executed a Settlement Agreement which provides that the Autumn Sage Development Promissory Note, was invalid and void, and the assignment of all rights and reimbursements under the “Reimbursement Agreements” to SLV Castle Oaks, LLC upon the issuance of the Series 2012 Bonds and payment to Autumn Sage Development, LLC of amounts due under the Settlement Agreement. In December 2012, the Bonds were issued and Autumn Sage Development, LLC was paid a principal repayment of \$7,466,622 and \$1,430,137 of interest was forgiven leaving a note principal balance of \$1,533,378 payable to SLV Castle Oaks, LLC. In 2013, the District repaid \$23,797 to SLV Castle Oaks, LLC leaving a balance payable of \$1,509,581.

Funding and Reimbursement Agreement. On October 14, 2010, the District, Castle Oaks Metropolitan District No. 2 and Castle Oaks Metropolitan District No. 3 entered into a Funding and Reimbursement Agreement with SLV Castle Oaks, LLC (“the Developer”) whereby, the Developer agrees to pay costs for permitted District purposes, including but not limited to: capital costs and costs in the nature of general operating, administrative and maintenance costs and other costs necessary to continue good standing under applicable law. Under this agreement, the Developer agrees to loan to the Districts one or more sums of money, not to exceed the aggregate of \$450,000, bearing simple interest at 7.0% per annum, and shall be available to the Districts through December 31, 2015. As of December 31, 2014, no amounts were owed by the District to the Developer.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2012 bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 936,375	\$ 936,375
2016	-	936,375	936,375
2017	-	936,375	936,375
2018	95,000	936,375	1,031,375
2019	165,000	931,150	1,096,150
2020 - 2022	<u>16,765,000</u>	<u>2,729,100</u>	<u>19,494,100</u>
	<u>\$ 17,025,000</u>	<u>\$ 7,405,750</u>	<u>\$ 24,430,750</u>

CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

The following is an analysis of changes in long-term debt for the period ending December 31, 2014:

	Balance <u>1/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2014</u>	<u>Current Portion</u>
General Obligation Limited					
Bond Series 2012	\$ 17,025,000	\$ -	\$ -	\$ 17,025,000	\$ -
Facilities Agreement					
Principal	1,509,581	-	-	1,509,581	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 18,534,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,534,581</u>	<u>\$ -</u>

Debt Authorization

In 2000, District voters authorized the District to issue \$250,750,000 of general obligation bonds or other financial obligations for the infrastructure development, parks and recreation, performance of intergovernmental agreements, formation of a regional water authority, refinancing of district debt, and other uses. At December 31, 2014 the District had \$230,725,000 in remaining authorization. However, the District's Service Plan limits its general obligation debt to \$25,000,000.

Note 5: Related Party

Multiple members of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest with respect to certain transactions which come before the Board.

Note 6: Agreements

Development Fee Agreement. On September 25, 2005, the District entered into a Development Fee Agreement with Autumn Sage Development, Ltd., (the "Former Developer"). The Former Developer guaranteed to fund any shortfall in Facility Development Fees up to \$1,680,179 with respect to property within the District owned by the Former Developer. The shortfall amounts were to be calculated semiannually as of April 15<sup>th</sup> and October 15<sup>th</sup> and are to be paid each May 1<sup>st</sup> and November 1<sup>st</sup> commencing 2006 through 2009. The amount of \$145,530 for the 2009 payment was still owed to the District as of December, 31, 2013. In 2014, the SLV Castle Oaks, LLC, (the "Developer"), authorized the use of current facility fee payments received and subsequently forwarded to the Developer to meet this obligation. Therefore there are no other amounts owed from the Former Developer per this agreement.

## CASTLE OAKS METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2014

The Resolution of the Castle Oaks Metropolitan District Regarding the Imposition of Facilities / Development Fees, as amended, imposes a lien on the property in the District for the collection of the fees at the time of building permit. The fees are collected by the District and forwarded to the Developer.

Cost Sharing Agreement. The District entered into a Development and Cost Sharing Agreement with MDC Land Corporation ("MDC") on July 10, 2006. The District has agreed to share in costs of installing certain potable water mains and streets with MDC. On March 30, 2015, this agreement was terminated.

Intergovernmental Agreement. On October 28, 2002, as amended September 2, 2003, the District entered into an agreement with the Town of Castle Rock (the Town) whereby the District will finance and construct public improvements which are necessary to provide municipal services within the District's Boundaries as set forth in the Service Plan. Upon completion of the improvements, the District is required to convey the improvements to the Town. Upon acceptance, the Town is responsible for operation, maintenance, and repair of such improvements. The District imposes a development fee on property within its boundaries which equals the water and sewer fee of the Town plus a facility fee (Development Fee) to the District. Pursuant to the Agreement, the District retains the Town's water and sewer fee. The District is also permitted to impose ad valorem property taxes, rates, fees, or other revenue as set forth in the Service Plan.

#### Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

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.

CASTLE OAKS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2014

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("the Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) long-term liabilities such as bonds payable, accrued bond interest payable, are not due and payable in the current period and, therefore, are not in the funds.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities.
- 2) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.



## SUPPLEMENTAL INFORMATION

## CASTLE OAKS METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 511,173	\$ 511,174	\$ 1
Specific ownership taxes	35,782	45,863	10,081
System development fees	-	145,530	145,530
Interest income	<u>2,838</u>	<u>3,148</u>	<u>310</u>
Total Revenues	<u>549,793</u>	<u>705,715</u>	<u>155,922</u>
<b>EXPENDITURES</b>			
Bond interest	936,376	936,375	1
Paying agent fees	6,000	3,000	3,000
Treasurers' fees	7,668	7,675	(7)
Miscellaneous	<u>100</u>	<u>-</u>	<u>100</u>
Total Expenditures	<u>950,144</u>	<u>947,050</u>	<u>3,094</u>
 NET CHANGE IN FUND BALANCE	 (400,351)	 (241,335)	 159,016
<b>FUND BALANCE</b>			
BEGINNING OF YEAR	<u>3,102,253</u>	<u>3,111,925</u>	<u>9,672</u>
END OF YEAR	<u>\$ 2,701,902</u>	<u>\$ 2,870,590</u>	<u>\$ 168,688</u>

The notes to the financial statements are an integral part of these statements.

**CASTLE OAKS METROPOLITAN DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Construction	<u>14,837</u>	<u>-</u>	<u>14,837</u>
Total Expenditures	<u>14,837</u>	<u>-</u>	<u>14,837</u>
NET CHANGE IN FUND BALANCE	(14,837)	-	(14,837)
FUND BALANCE			
BEGINNING OF YEAR	<u>14,837</u>	<u>14,836</u>	<u>(1)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 14,836</u>	<u>\$ (14,838)</u>

The notes to the financial statements are an integral part of these statements.

**CASTLE OAKS METROPOLITAN DISTRICT**

SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED

December 31, 2014

<u>Year Ended December 31,</u>	<b>Prior Year Assessed Valuation for Current Year Property Tax Levy</b>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2004	\$ 8,780	5.500	44.500	\$ 439	\$ 437	99.54%
2005	\$ 1,680	5.500	44.500	\$ 84	\$ 84	100.00%
2006	\$ 1,372,110	4.000	46.000	\$ 68,606	\$ 68,622	100.02%
2007	\$ 5,570,000	4.000	46.000	\$ 278,500	\$ 278,551	100.02%
2008	\$ 9,835,650	4.000	46.000	\$ 491,783	\$ 492,006	100.05%
2009	\$ 11,371,710	4.000	46.000	\$ 568,586	\$ 548,225	96.42%
2010	\$ 11,053,320	4.000	46.000	\$ 552,666	\$ 574,620	103.97%
2011	\$ 11,208,150	4.000	46.000	\$ 560,408	\$ 560,457	100.01%
2012	\$ 8,836,030	4.000	46.000	\$ 441,802	\$ 441,898	100.02%
2013	\$ 9,310,140	4.000	46.000	\$ 465,507	\$ 465,515	100.00%
2014	\$ 11,112,455	4.000	46.000	\$ 555,623	\$ 555,624	100.00%
Estimated for year ending December 31, 2015	\$ 12,986,450	4.000	46.000	\$ 649,323		

**NOTE**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

CASTLE OAKS METROPOLITAN DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2014

\$17,025,000 General Obligation Refunding Bonds Series 2012  
Interest Payable June 1st and December 1st  
Principal Due December 1st

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 936,375	\$ 936,375
2016	-	936,375	936,375
2017	-	936,375	936,375
2018	95,000	936,375	1,031,375
2019	165,000	931,150	1,096,150
2020	220,000	922,075	1,142,075
2021	235,000	909,975	1,144,975
2022	16,310,000	897,050	17,207,050
	<u>\$ 17,025,000</u>	<u>\$ 7,405,750</u>	<u>\$ 24,430,750</u>

**EXHIBIT B**

**2015 Budget**

**CASTLE OAKS METROPOLITAN DISTRICT  
2015  
BUDGET MESSAGE**

Attached please find a copy of the adopted 2015 budget for the Castle Oaks Metropolitan District.

The Castle Oaks Metropolitan District has adopted three separate funds, a General Fund to provide for the payment of operating expenditures; a Debt Service Fund to provide for payments on the Series 2012 general obligation bonds; and a Capital Project Fund to provide for the estimated infrastructure costs that are to be built for the benefit of the District.

The District's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenues for the District in 2015 will be property taxes and specific ownership taxes. The District intends to impose a 50.000 mill levy on the property within the District for 2015, of which 4.000 mills will be dedicated to the General Fund and the balance of 46.000 mills will be allocated to the Debt Service Fund.

**Castle Oaks Metropolitan District  
Adopted Budget  
General Fund  
For the Year ended December 31, 2015**

	Actual <u>2013</u>	Adopted Budget <u>2014</u>	Actual <u>6/30/2014</u>	Estimate <u>2014</u>	Adopted Budget <u>2015</u>
Beginning fund balance	\$ 16,183	\$ 10,903	\$ 4,883	\$ 4,883	\$ 1,191
Revenues:					
Property taxes	37,241	44,450	43,611	44,450	51,946
Ownership taxes	3,123	3,334	1,930	3,334	3,894
Miscellaneous income	-	-	86	86	-
Interest income	16	-	2	10	-
Total revenues	<u>40,380</u>	<u>47,784</u>	<u>45,629</u>	<u>47,880</u>	<u>55,840</u>
Total funds available	<u>56,563</u>	<u>58,687</u>	<u>50,512</u>	<u>52,763</u>	<u>57,031</u>
Expenditures:					
Legal	30,562	25,000	21,604	30,000	27,000
Election expense	-	3,000	-	-	-
Accounting and audit	14,956	14,000	11,691	17,537	15,000
Insurance	2,883	3,000	2,869	2,869	3,200
Miscellaneous / IGA	2,720	500	30	500	500
Treasurer's fees	559	667	654	667	779
Contingency	-	11,135	-	-	9,158
Emergency reserve	-	1,385	-	-	1,394
Total expenditures	<u>51,680</u>	<u>58,687</u>	<u>36,848</u>	<u>51,573</u>	<u>57,031</u>
Ending fund balance	<u>\$ 4,883</u>	<u>\$ -</u>	<u>\$ 13,664</u>	<u>\$ 1,191</u>	<u>\$ -</u>
Assessed value (000's)	<u>\$ 9,310.140</u>	<u>\$ 11,112.455</u>			<u>\$ 12,986.450</u>
Mill levy	<u>4.000</u>	<u>4.000</u>			<u>4.000</u>



**Castle Oaks Metropolitan District**  
**Adopted Budget**  
**Capital Project Fund**  
**For the Year ended December 31, 2015**

	Actual <u>2013</u>	Adopted Budget <u>2014</u>	Actual <u>6/30/2014</u>	Estimate <u>2014</u>	Adopted Budget <u>2015</u>
Beginning fund balance	\$ 14,837	\$ 14,837	\$ 14,838	\$ 14,838	\$ 9,838
Revenues:					
Interest income	<u>1</u>	<u>.</u>	<u>.</u>	<u>.</u>	<u>.</u>
Total revenues	<u>1</u>	<u>.</u>	<u>.</u>	<u>.</u>	<u>.</u>
Total funds available	<u>14,838</u>	<u>14,837</u>	<u>14,838</u>	<u>14,838</u>	<u>9,838</u>
Expenditures:					
Construction	-	14,837	-	5,000	9,838
Repay developer advances - principal	-	-	-	-	-
Repay developer advances - interest	-	-	-	-	-
Project management	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>14,837</u>	<u>-</u>	<u>5,000</u>	<u>9,838</u>
Ending fund balance	<u>\$ 14,838</u>	<u>\$ -</u>	<u>\$ 14,838</u>	<u>\$ 9,838</u>	<u>\$ -</u>

**Castle Oaks Metropolitan District**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2015**

	Actual <u>2013</u>	Adopted Budget <u>2014</u>	Actual <u>6/30/2014</u>	Estimate <u>2014</u>	Adopted Budget <u>2015</u>
Beginning fund balance	\$ 3,541,823	\$ 3,102,253	\$ 3,111,924	\$ 3,111,924	\$ 2,715,253
Revenues:					
Property taxes	428,274	511,173	501,524	511,173	597,377
Ownership taxes	35,911	35,782	22,190	40,000	41,816
Development fees	-	-	-	-	-
Unspent Cost of issuance	25,244	-	-	-	-
Interest income	3,490	2,838	1,206	2,200	2,000
Total revenues	<u>492,919</u>	<u>549,793</u>	<u>524,920</u>	<u>553,373</u>	<u>641,193</u>
Total funds available	<u>4,034,742</u>	<u>3,652,046</u>	<u>3,636,844</u>	<u>3,665,297</u>	<u>3,356,446</u>
Expenditures:					
Bond interest Series 2012	889,556	936,376	468,188	936,376	936,376
Bond principal Series 2012	-	-	-	-	-
Repay developer funding	23,797	-	-	-	-
Paying agent fees	3,000	6,000	-	6,000	6,000
Treasurer's fees	6,427	7,668	7,523	7,668	8,960
Miscellaneous	38	100	-	-	1,000
Total expenditures	<u>922,818</u>	<u>950,144</u>	<u>475,711</u>	<u>950,044</u>	<u>952,336</u>
Ending fund balance	<u>\$ 3,111,924</u>	<u>\$ 2,701,902</u>	<u>\$ 3,161,133</u>	<u>\$ 2,715,253</u>	<u>\$ 2,404,110</u>
Capitalized interest	\$ 935,444	\$ -		\$ -	\$ -
Reserve Fund	\$ 1,702,500	\$ 1,702,500		\$ 1,702,500	\$ 1,702,500
Surplus Fund (max of \$1.5M)	\$ 473,980	\$ 999,402		\$ 1,012,753	\$ 701,610
Assessed value (000's)	<u>\$ 9,310.140</u>	<u>\$ 11,112.455</u>			<u>\$ 12,986.450</u>
Mill levy	<u>46.000</u>	<u>46.000</u>			<u>46.000</u>
Total levy	<u>50.000</u>	<u>50.000</u>			<u>50.000</u>

**Castle Oaks Metropolitan District  
Adopted Budget  
General Fund  
For the Year ended December 31, 2014**

	Actual <u>2012</u>	Adopted Budget <u>2013</u>	Actual <u>9/30/2013</u>	Estimate <u>2013</u>	Adopted Budget <u>2014</u>
Beginning fund balance	\$ 20,970	\$ 16,927	\$ 16,184	\$ 16,184	\$ 10,903
Revenues:					
Property taxes	35,352	37,241	37,163	37,241	44,450
Ownership taxes	2,708	2,607	2,303	2,900	3,334
Developer advances		268	-	-	-
Interest income	14	-	11	20	-
Total revenues	<u>38,074</u>	<u>40,116</u>	<u>39,477</u>	<u>40,161</u>	<u>47,784</u>
Total funds available	<u>59,044</u>	<u>57,043</u>	<u>55,661</u>	<u>56,345</u>	<u>58,687</u>
Expenditures:					
Legal	25,198	25,000	21,869	25,000	25,000
Election expense					3,000
Accounting and audit	13,265	14,000	11,557	14,000	14,000
Insurance	2,927	3,000	2,883	2,883	3,000
Miscellaneous / IGA	940	500	2,710	3,000	500
Treasurer's fees	530	559	558	559	667
Contingency		12,692	-	-	11,135
Emergency reserve	-	1,292	-	-	1,385
Total expenditures	<u>42,860</u>	<u>57,043</u>	<u>39,577</u>	<u>45,442</u>	<u>58,687</u>
Ending fund balance	<u>\$ 16,184</u>	<u>\$ -</u>	<u>\$ 16,084</u>	<u>\$ 10,903</u>	<u>\$ -</u>
Assessed value (000's)	<u>\$ 8,836.030</u>	<u>\$ 9,310.140</u>			<u>\$ 11,112.455</u>
Mill levy	<u>4.000</u>	<u>4.000</u>			<u>4.000</u>

**Castle Oaks Metropolitan District**  
**Adopted Budget**  
**Capital Project Fund**  
**For the Year ended December 31, 2014**

	Actual <u>2012</u>	Adopted Budget 2013	Actual <u>9/30/2013</u>	Estimate <u>2013</u>	Adopted Budget <u>2014</u>
Beginning fund balance	\$ 14,829	\$ 14,835	\$ 14,836	\$ 14,836	\$ 14,837
Revenues:					
Transfer from Debt Service Fund		-	23,797	23,797	-
Interest income	<u>7</u>	<u>5</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total revenues	<u>7</u>	<u>5</u>	<u>23,798</u>	<u>23,798</u>	<u>-</u>
Total funds available	<u>14,836</u>	<u>14,840</u>	<u>38,634</u>	<u>38,634</u>	<u>14,837</u>
Expenditures:					
Construction	-	14,840	-	-	14,837
Repay developer advances - principal	-	-	-	-	-
Repay developer advances - interest	-	-	23,797	23,797	-
Project management	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>14,840</u>	<u>23,797</u>	<u>23,797</u>	<u>14,837</u>
Ending fund balance	<u>\$ 14,836</u>	<u>\$ -</u>	<u>\$ 14,837</u>	<u>\$ 14,837</u>	<u>\$ -</u>


**Castle Oaks Metropolitan District**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2014**

	Actual <u>2012</u>	Adopted Budget 2013	Actual <u>9/30/2013</u>	Estimate <u>2013</u>	Adopted Budget <u>2014</u>
Beginning fund balance	\$ 1,344,580	\$ 3,255,410	\$ 3,541,822	\$ 3,541,822	\$ 3,102,253
Revenues:					
Property taxes	406,546	428,266	427,377	428,266	511,173
Ownership taxes	31,144	29,979	26,484	30,000	35,782
Development fees		-	-	-	-
Unspent Cost of issuance		-	25,243	25,243	-
Transfer from General Fund		-	-	-	-
Refunding Bonds	17,025,000	-	-	-	-
Interest income	2,722	2,838	2,668	2,800	2,838
Total revenues	<u>17,465,412</u>	<u>461,083</u>	<u>481,772</u>	<u>486,309</u>	<u>549,793</u>
Total funds available	<u>18,809,992</u>	<u>3,716,493</u>	<u>4,023,594</u>	<u>4,028,131</u>	<u>3,652,046</u>
Expenditures:					
Extraordinary redemption	6,755,964	-	-	-	-
Bond interest Series 2005	356,288	-	-	-	-
Bond principal Series 2005	85,000	-	-	-	-
Bond interest Series 2012		885,670	421,369	889,557	936,376
Bond principal Series 2012		-	-	-	-
Repay developer funding	7,466,622				
Issuance costs	595,197				
Paying agent fees	3,000	6,000	-	6,000	6,000
Treasurer's fees	6,099	6,424	6,388	6,424	7,668
Transfer to Capital Projects			23,797	23,797	
Miscellaneous	-	6	38	100	100
Total expenditures	<u>15,268,170</u>	<u>898,100</u>	<u>451,592</u>	<u>925,878</u>	<u>950,144</u>
Ending fund balance	<u>\$ 3,541,822</u>	<u>\$ 2,818,393</u>	<u>\$ 3,572,002</u>	<u>\$ 3,102,253</u>	<u>\$ 2,701,902</u>
Capitalized interest	\$ 1,825,000			\$ 935,443	\$ -
Reserve Fund	\$ 1,702,500			\$ 1,702,500	\$ 1,702,500
Surplus Fund (max of \$1.5M)	\$ 14,322			\$ 464,310	\$ 999,402
Assessed value (000's)	<u>\$ 8,836.030</u>	<u>\$ 9,310.140</u>			<u>\$ 11,112.455</u>
Mill levy	<u>46.000</u>	<u>46.000</u>			<u>46.000</u>
Total levy	<u>50.000</u>	<u>50.000</u>			<u>50.000</u>

**EXHIBIT C**

**Certification**

On behalf of the Board of Directors of the Castle Oaks Metropolitan District, I hereby certify that with the exception of Section 11.02.060.D, no action, event or condition set forth in Section 11.02.060 of the Intergovernmental Affairs Chapter of the Town of Castle Rock Code has occurred in the report year.

  
Christian Matthew Janke, President