



Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2010

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Independent Auditor's Report

Board of Directors
[REDACTED]

We have audited the accompanying financial statements of the governmental activities and each major fund of [REDACTED] as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates, made by the District, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinions.

The District has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the [REDACTED] as of December 31, 2010, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of [REDACTED]. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

[REDACTED]
May 20, 2011

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
December 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 11,978
Cash and investments - Restricted	2,227
Receivable - County Treasurer	1,211
Property taxes receivable	236,561
Prepaid expense	1,529
Total assets	<u>253,506</u>
 LIABILITIES	
Accounts payable	2,947
Due to other governments	2,181
Deferred property tax revenue	236,561
Noncurrent liabilities - Due to other governments:	
Due in more than one year	34,309
Total liabilities	<u>275,998</u>
 NET ASSETS	
Restricted for:	
Emergency reserves	1,100
Unrestricted	(23,592)
Total net assets	<u>\$ (22,492)</u>

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

STATEMENT OF ACTIVITIES
Year Ended December 31, 2010

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Assets</u>
<u>Expenses</u>	<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:				
Government activities:				
General government	\$ 255,563	\$ -	\$ 3,014	\$ (252,549)
	\$ 255,563	\$ -	\$ 3,014	\$ (252,549)
General revenues:				
Property taxes				235,271
Specific ownership taxes				16,070
Net investment income				191
Total general revenues				251,532
Change in net assets				(1,017)
Net assets - Beginning				(21,475)
Net assets - Ending				\$ (22,492)

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

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 11,978	\$ -	\$ 11,978
Cash and investments - Restricted	1,100	1,127	2,227
Receivable - County Treasurer	157	1,054	1,211
Property taxes receivable	30,583	205,978	236,561
Prepaid expense	1,529	-	1,529
TOTAL ASSETS	\$ 45,347	\$ 208,159	\$ 253,506
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,947	\$ -	\$ 2,947
Due to other governments	-	2,181	2,181
Deferred property tax revenue	30,583	205,978	236,561
Total liabilities	33,530	208,159	241,689
 FUND BALANCES			
Reserved for:			
Emergency reserves	1,100	-	1,100
Prepaid expense	1,529	-	1,529
Unreserved, reported in:			
General Fund			
Designated for subsequent year's expenditures	3,185	-	3,185
Undesignated	6,003	-	6,003
Total fund balances	11,817	-	11,817
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,347	\$ 208,159	

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

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Intergovernmental advances	(13,101)
Interest payable to other governments	(21,208)
	(34,309)

Net assets of governmental activities	\$ (22,492)
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These financial statements should be read only in connection with the accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2010**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 30,416	\$ 204,855	\$ 235,271
Specific ownership taxes	2,078	13,992	16,070
Net investment income	191	-	191
Conservation trust fund	3,014	-	3,014
Total revenues	<u>35,699</u>	<u>218,847</u>	<u>254,546</u>
EXPENDITURES			
Current			
Accounting	7,876	-	7,876
Audit	6,052	-	6,052
County Treasurer's fees	457	3,075	3,532
District management	12,252	-	12,252
Dues and subscriptions	290	-	290
Election expense	967	-	967
Insurance and bonds	1,707	-	1,707
Legal	3,160	-	3,160
Miscellaneous	156	-	156
Park and open space improvements	3,014	-	3,014
Reimburse CBC Metro District	10,000	-	10,000
Debt service			
Transfer to CBC Metro District	-	215,772	215,772
Total expenditures	<u>45,931</u>	<u>218,847</u>	<u>264,778</u>
NET CHANGE IN FUND BALANCES	(10,232)	-	(10,232)
FUND BALANCES - BEGINNING OF YEAR	<u>22,049</u>	<u>-</u>	<u>22,049</u>
FUND BALANCES - END OF YEAR	<u>\$ 11,817</u>	<u>\$ -</u>	<u>\$ 11,817</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2010**

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

Net change in fund balances - Total governmental funds	\$ (10,232)
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	
Current year reimbursement to other governments	10,000
Accrued interest payable to other governments - Current year	<u>(785)</u>
Changes in net assets of governmental activities	<u>\$ (1,017)</u>

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

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2010

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 30,420	\$ 30,420	\$ 30,416	\$ (4)
Specific ownership taxes	2,120	2,120	2,078	(42)
Net investment income	50	50	191	141
Conservation trust fund	3,300	3,300	3,014	(286)
Total revenues	<u>35,890</u>	<u>35,890</u>	<u>35,699</u>	<u>(191)</u>
EXPENDITURES				
Accounting	7,000	8,000	7,876	124
Audit	5,500	6,100	6,052	48
County Treasurer's fees	456	456	457	(1)
District management	10,000	12,000	12,252	(252)
Dues and subscriptions	500	500	290	210
Election expense	-	1,000	967	33
Insurance and bonds	2,000	2,000	1,707	293
Legal	4,000	4,000	3,160	840
Miscellaneous	500	500	156	344
Park and open space improvements	3,300	3,300	3,014	286
Reimburse CBC Metro District	10,000	10,000	10,000	-
Total expenditures	<u>43,256</u>	<u>47,856</u>	<u>45,931</u>	<u>1,925</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,366)	(11,966)	(10,232)	1,734
FUND BALANCES - BEGINNING OF YEAR	<u>22,661</u>	<u>22,049</u>	<u>22,049</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 15,295</u>	<u>\$ 10,083</u>	<u>\$ 11,817</u>	<u>\$ 1,734</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - DEFINITION OF REPORTING ENTITY

[REDACTED] (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 20, 1998 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 entirely in Douglas County, Colorado. The District is entirely residential, consisting of 241 homes. The District was established as part of a master-planned development known as [REDACTED] [REDACTED] [REDACTED] has provided certain infrastructure improvements under the terms of an intergovernmental agreement (see Note 7).

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

The statement of net assets reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net assets.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. 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:

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

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

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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Supplementary appropriations approved by the District modified the appropriation from \$43,256 to \$47,856 in the General Fund.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated to the General Fund.

Investments are carried at fair value.

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.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally segregated or are not subject to future appropriation. Designations of unreserved fund balances indicate management's intention for future utilization of such funds and are subject to change by management.

The District considers all unreserved fund balances to be "reserves" for future operations as defined within Article X, Section 20 of the Constitution of the State of Colorado.

Reserved Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado.

The reserved fund balance for prepaid expense represents payments to vendors that are applicable to a future accounting period and are therefore nonspendable resources and unavailable for appropriation.

Designated Fund Balance

The amount classified as "designated for subsequent year's expenditures" at December 31, 2010 represents the amount appropriated for use in the budget for the year ending December 31, 2011.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets and balance sheet:

Cash and investments	\$ 11,978
Cash and investments - Restricted	<u>2,227</u>
Total cash and investments	<u>\$ 14,205</u>

Cash and investments as of December 31, 2010 consist of the following:

Deposits with financial institutions	<u>\$ 14,205</u>
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NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

At December 31, 2010, the District's cash deposits had a bank balance of \$19,758 and a carrying balance of \$14,205.

Investments

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

During 2010, the District had no investments.

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, 2010:

	<u>Balance at December 31, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2010</u>	<u>Due Within One Year</u>
Intergovernmental advances payable	\$ 23,101	\$ -	\$ (10,000)	\$ 13,101	\$ 5,000
Interest payable on advances	20,423	785	-	21,208	-
	<u>\$ 43,524</u>	<u>\$ 785</u>	<u>\$ (10,000)</u>	<u>\$ 34,309</u>	<u>\$ 5,000</u>

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Intergovernmental advances payable. [REDACTED] has agreed to advance funds to the District for administrative and operation costs (see Note 7). Repayment of these costs will be made by the District when sufficient revenue has been collected.

Authorized Debt

On November 3, 1998 and November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$100,000,000 at an interest rate not to exceed 15% per annum. At December 31, 2010, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 3, 1998	Amount Authorized on November 7, 2000	Authorization Used Compark Bonds	Authorized But Unissued
Intergovernmental debt	\$ 50,000,000	\$ -	\$ 3,310,980	\$ 46,689,020
Debt refunding	-	50,000,000	-	50,000,000
	<u>\$ 50,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 3,310,980</u>	<u>\$ 96,689,020</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$50,000,000, not including debt refunding. The District's mill levy is not to exceed 35 mills for debt service and 5 mills for operations (adjusted for changes in the method of calculating assessed valuation).

NOTE 5 - NET ASSETS

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

Restricted assets include net 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 assets as of December 31, 2010 as follows:

Restricted net assets:

Emergencies	<u>\$ 1,100</u>
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[REDACTED]
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 5 - NET ASSETS (CONTINUED)

The District's unrestricted net assets as of December 31, 2010 are \$(23,592). This deficit amount was a result of the District being responsible for the repayment of Developer advances for administrative and operations costs which were recorded as expenditures in prior years.

NOTE 6 - RELATED PARTY

The primary owners of the undeveloped property situated within [REDACTED] (formerly [REDACTED]), are [REDACTED] (Owners). Related entities of the Owners sold essentially all of the territory in the District to U.S. Home Corporation in 2002, who in turn sold lots to individual property owners. During 2010, two of the four board members of the District were either principals, employees or consultants of the Owners.

Two of the four members of the Board of Directors of the District are also members of the Board of Directors of [REDACTED]

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS

District Facilities Construction and Service Agreement

On November 20, 1998, the District entered into a District Facilities Construction and Service Agreement with [REDACTED] (n/k/a [REDACTED] Metropolitan District) ([REDACTED] to set forth the rights and obligations of the District to assist in the repayment of indebtedness, and for CBC to issue indebtedness and to construct, own or transfer, and operate and maintain water, sanitation, street, safety, park and recreation, transportation, television relay and translation and mosquito control facilities, programs and services for the benefit of both Districts as outlined in the Service Plans of each District.

Subsequently, the original agreement was amended on January 26, 1999, and the Supplemental District Facilities Construction and Service Agreement dated March 22, 1999, which collectively clarified the definition of terms used in the original agreement, authorized [REDACTED] to collect rates, fees, charges for services, tolls, etc. within the District's boundaries; acknowledged and approved [REDACTED] entry into a facilities agreement with [REDACTED] (Stonegate) for water and sewer facilities, services and programs; and authorized [REDACTED] to collect tap fees within the District's boundaries under a Tap Purchase Agreement between the District and U.S. Home Corporation, with payment of a portion of such tap fees to [REDACTED]

An amendment dated February 27, 2001 made no significant changes to the agreement.

[REDACTED]

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

The agreement provides for the repayment of annual debt service costs by the District and [REDACTED]. The District's debt service mill levy is limited to a maximum of 35 mills (adjusted for laws and changes in assessment ratio) for debt service in any given year.

On November 18, 2003, an amendment to the original agreement was approved by the Board, that among other things, provides for the use of the District's specific ownership and HB1006 property tax to be used for the repayment of annual debt service as described in the amendment. The amendment limits the District's obligation under the agreement to repaying the District's obligations for [REDACTED] General Obligation Bonds, Series 1999 (having an outstanding balance on December 31, 2010 of \$10,890,000).

On August 30, 2007, [REDACTED] General Obligation Bonds, Series 1999 were advance refunded. The District's obligations with respect to the bonds will be satisfied in 2018. As a result of the advance refunding, the District's required mill levy was decreased 3.798% from 41.396 mills to 39.824 mills.

Intergovernmental Financing and Reimbursement Agreement

On May 22, 2001 (effective January 1, 2001), the District entered into an Intergovernmental Financing and Reimbursement Agreement with [REDACTED] where the District intends to reimburse [REDACTED] for administrative and operational costs expended by [REDACTED] on behalf of the District. Interest shall accrue at the highest rate (5.3%) of interest payable by [REDACTED] on its General Obligation Bonds, Series 1999. This agreement also assigns any rights and obligations to [REDACTED] for any prior advances by the Developer. This agreement has been renewed from time to time and amounts advanced to or for the District are to be repaid only when the District has sufficient funds to make payments. As of December 31, 2010, the District owed [REDACTED] \$13,101 in principal and \$21,208 in accrued interest.

The District has budgeted to repay [REDACTED] \$5,000 of the principal balance during 2011.

NOTE 8 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2010. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 8 - RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property, workers compensation 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 9 - CONSERVATION TRUST FUND ENTITLEMENT

The District was entitled to and received \$3,014 from the State of Colorado Lottery based upon a formula considering population within the District. The funds are restricted under the State Conservation Trust Fund statutes to acquisition, development and maintenance of parks and recreation facilities.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend all currently levied taxes and fees of the District without regard to any limitations under TABOR.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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.

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

SUPPLEMENTARY INFORMATION



DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2010

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 204,850	\$ 204,855	\$ 5
Specific ownership taxes	14,340	13,992	(348)
Total revenues	<u>219,190</u>	<u>218,847</u>	<u>(343)</u>
EXPENDITURES			
County Treasurer's fees	3,073	3,075	(2)
Transfer to CBC Metro District	216,117	215,772	345
Total expenditures	<u>219,190</u>	<u>218,847</u>	<u>343</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2010**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Levied</u>	<u>Collected</u>	
2006	\$ 5,300,750	5.913	41.396	\$ 250,773	\$ 250,773	100.00%
2007	\$ 5,307,610	5.913	41.396	\$ 251,098	\$ 249,925	99.53%
2008	\$ 5,441,970	5.913	39.824	\$ 248,899	\$ 250,071 (1)	100.46%
2009	\$ 5,447,530	5.913	39.824	\$ 249,153	\$ 249,153	100.00%
2010	\$ 5,144,010	5.913	39.824	\$ 235,271	\$ 235,271	100.00%
Estimated for calendar year ending December 31, 2011	\$ 5,172,210	5.913	39.824	\$ 236,561		

(1) Includes \$1,173 of delinquent property taxes collected for prior years.