

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2013

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Independent Auditor's Report

Board of Directors
Roxborough Village Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Roxborough Village Metropolitan District as of and for the year ended December 31, 2013, 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.

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 an opinion on these financial statements based on our audits. We conducted our audits 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Roxborough Village Metropolitan District as of December 31, 2013, 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.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

L. Paul Goedecke P.C.

L. Paul Goedecke, P.C.
April 15, 2014

BASIC FINANCIAL STATEMENTS

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,605,640
Cash and investments - Restricted	1,818,711
Accrued interest receivable	402
Receivable - County Treasurer	13,409
Property taxes receivable	2,788,200
Capital assets, not being depreciated	1,901,380
Capital assets, net	<u>2,693,642</u>
Total assets	<u>10,821,384</u>
 LIABILITIES	
Accounts payable	20,761
Accrued bond interest payable	25,388
Noncurrent liabilities	
Due within one year	1,300,000
Due in more than one year	<u>12,012,850</u>
Total liabilities	<u>13,358,999</u>
 DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	<u>2,788,200</u>
Total deferred inflows of resources	<u>2,788,200</u>
 NET POSITION	
Net investment in capital assets	4,595,022
Restricted for:	
Emergency reserve	26,700
Debt service	1,766,473
Unrestricted	<u>(11,714,010)</u>
Total net position	<u><u>\$ (5,325,815)</u></u>

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

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
December 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 249,988	\$ -	\$ -	\$ -	\$ (249,988)
Parks	604,925	215	-	34,077	(570,633)
Interest and related costs on long-term debt	1,143,391	-	-	-	(1,143,391)
	<u>\$ 1,998,304</u>	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ 34,077</u>	<u>(1,964,012)</u>
General revenue:					
Property taxes					2,969,745
Specific ownership taxes					252,424
Net investment income					11,772
Other					401
Total general revenue					<u>3,234,342</u>
Change in net position					1,270,330
Net position - Beginning					<u>(6,596,145)</u>
Net position - Ending					<u>\$ (5,325,815)</u>

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

**ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013**

	General	Debt Service	Capital Projects	Totals Governmental Funds
ASSETS				
Cash and investments	\$ 297,965	\$ -	\$ 1,307,675	\$ 1,605,640
Cash and investments - Restricted	26,700	1,792,011	-	1,818,711
Accrued interest receivable	-	-	402	402
Receivable - County Treasurer	13,409	-	-	13,409
Property taxes receivable	655,827	2,132,373	-	2,788,200
TOTAL ASSETS	\$ 993,901	\$ 3,924,384	\$ 1,308,077	\$ 6,226,362
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 12,875	\$ 150	\$ 7,736	\$ 20,761
Total liabilities	12,875	150	7,736	20,761
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	655,827	2,132,373	-	2,788,200
Total deferred inflows of resources	655,827	2,132,373	-	2,788,200
FUND BALANCES				
Restricted for:				
Emergency reserves	26,700	-	-	26,700
Debt service	-	1,791,861	-	1,791,861
Assigned:				
Subsequent year's expenditures	175,723	-	-	175,723
Capital projects	-	-	1,300,341	1,300,341
Unassigned	122,776	-	-	122,776
Total fund balances	325,199	1,791,861	1,300,341	3,417,401
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 993,901	\$ 3,924,384	\$ 1,308,077	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,595,022
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(13,095,114)
Developer advance payable	(209,141)
Accrued bond interest payable	(25,388)
Accrued developer advance interest payable	(8,595)
Net position of governmental activities	\$ (5,325,815)

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

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 628,783	\$ 2,340,962	\$ -	\$ 2,969,745
Specific ownership taxes	252,424	-	-	252,424
Conservation trust funds	-	-	34,077	34,077
Net investment income	2,989	6,088	2,695	11,772
Sports field revenue	215	-	-	215
Miscellaneous	401	-	-	401
Total revenues	<u>884,812</u>	<u>2,347,050</u>	<u>36,772</u>	<u>3,268,634</u>
EXPENDITURES				
Current				
Accounting	34,225	-	-	34,225
Audit	4,500	-	-	4,500
Communications	375	-	-	375
County Treasurer's fees	9,449	35,176	-	44,625
Directors' fees	6,600	-	-	6,600
Dues and subscriptions	1,019	-	-	1,019
Engineering	1,821	-	7,474	9,295
Insurance and bonds	6,627	-	-	6,627
Legal	51,162	-	1,069	52,231
Maintenance and utilities - Park	404,191	-	-	404,191
Management	70,183	-	1,035	71,218
Miscellaneous	1,158	-	-	1,158
Payroll tax	505	-	-	505
Repairs and maintenance	33,478	-	-	33,478
Seasonal lights	9,190	-	-	9,190
Snow removal	21,517	-	-	21,517
Debt service				
Bond principal	-	2,174,277	-	2,174,277
Interest expense - 1993 bonds	-	784,479	-	784,479
Interest expense - 2004 bonds	-	304,651	-	304,651
Paying agent and trustee fees	-	4,750	-	4,750
Contingency	-	623	-	623
Capital outlay / expenditures	-	-	196,080	196,080
Repay Developer	-	-	67,152	67,152
Total expenditures	<u>656,000</u>	<u>3,303,956</u>	<u>272,810</u>	<u>4,232,766</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>228,812</u>	<u>(956,906)</u>	<u>(236,038)</u>	<u>(964,132)</u>
NET CHANGE IN FUND BALANCES	228,812	(956,906)	(236,038)	(964,132)
FUND BALANCES - BEGINNING OF YEAR	96,387	2,748,767	1,536,379	4,381,533
FUND BALANCES - END OF YEAR	<u>\$ 325,199</u>	<u>\$ 1,791,861</u>	<u>\$ 1,300,341</u>	<u>\$ 3,417,401</u>

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

**ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2013**

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

Net change in fund balances - Total governmental funds	\$ (964,132)
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Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, net of depreciation, in the current period.

6,745

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer advance - Interest	\$	(13,712)	
Current year developer advance payment		61,545	
Current year developer advance interest payment		5,607	
Current year bond principal payment		<u>2,174,277</u>	
			<u>2,227,717</u>

Changes in net position of governmental activities	<u>\$ 1,270,330</u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2013**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 637,297	\$ 628,783	\$ (8,514)
Specific ownership taxes	195,645	252,424	56,779
Net investment income	3,000	2,989	(11)
Sports field fees	500	215	(285)
Miscellaneous income	2,000	401	(1,599)
Total revenues	<u>838,442</u>	<u>884,812</u>	<u>46,370</u>
EXPENDITURES			
Accounting	32,000	34,225	(2,225)
Audit	4,500	4,500	-
Communications	2,500	375	2,125
Contingency	30,000	-	30,000
County Treasurer's fees	9,559	9,449	110
Directors' fees	7,200	6,600	600
Dues and subscriptions	1,200	1,019	181
Engineering	25,000	1,821	23,179
Insurance and bonds	7,000	6,627	373
Legal	55,000	51,162	3,838
Maintenance and utilities - Park	476,200	404,191	72,009
Management	76,000	70,183	5,817
Miscellaneous	4,000	1,158	2,842
Payroll tax	-	505	(505)
Repairs and maintenance	28,000	33,478	(5,478)
Seasonal lights	8,000	9,190	(1,190)
Snow removal	32,000	21,517	10,483
Total expenditures	<u>798,159</u>	<u>656,000</u>	<u>142,159</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	40,283	228,812	188,529
FUND BALANCES - BEGINNING OF YEAR	<u>79,407</u>	<u>96,387</u>	<u>16,980</u>
FUND BALANCES - END OF YEAR	<u>\$ 119,690</u>	<u>\$ 325,199</u>	<u>\$ 205,509</u>

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

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - DEFINITION OF REPORTING ENTITY

Roxborough Village Metropolitan District (the District), a quasi-municipal corporation, was organized on July 24, 1985 and is governed pursuant to provisions of the Colorado Special District Act. The District operates under a Service Plan approved by Douglas County on July 24, 1985. The District's service area is located in Douglas County, Colorado. The District was established to provide irrigation, drainage and storm facilities, street improvements, park and recreational facilities.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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

The District reports the following major governmental funds:

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

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

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Budgets

In accordance with the Colorado State Budget Law, 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 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 appropriations from \$3,244,123 to \$3,310,000 in the Debt Service Fund.

Pooled Cash and Investments

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

Investments are carried at fair value.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assess the property tax obligation of 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 at the taxpayer's election, in equal installments in February and June. Delinquent taxpayers are notified in 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. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. trails, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Infrastructure:

Drainage/irrigation improvements	25 years
Park and recreation facilities	15-35 years

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2013 are classified in the accompanying financial statements as follows:

Statement of net position and balance sheet:

Cash and investments	\$ 1,605,640
Cash and investments - Restricted	<u>1,818,711</u>
Total cash and investments	<u>\$ 3,424,351</u>

Cash and investments as of December 31, 2013 consist of the following:

Deposits with financial institutions	\$ 789,434
Investments	<u>2,634,917</u>
Total cash and investments	<u>\$ 3,424,351</u>

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, 2013, the District's cash deposits had a bank balance of \$789,714 and a carrying balance of \$789,434.

Investments

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

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

- * Obligations of the United States and certain U.S. government agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk.

Colorado revised statutes generally limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of U.S. local governments, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

As of December 31, 2013, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Liquid Asset Trust (Colotrust)	Weighted average under 60 days	\$ 2,206,874
Federated Treasury Obligations Money Market Mutual Fund	Less than 1 year	428,043
		<u>\$ 2,634,917</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust is rated AAAM by Standard & Poor's.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Federated Treasury Money Market Mutual Fund

The debt service money that was included in the trust accounts at United Missouri Bank (UMB) (successor of American National Bank) was invested in the Federated Treasury Obligations Money Market Mutual Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poor's.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2013 follows:

	Balance at December 31, 2012	Increases	Decreases	Balance at December 31, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Drainage/irrigation improvements	\$ 693,211	\$ -	\$ -	\$ 693,211
Landscape median renovation	100,762	-	-	100,762
Park and recreation facilities	1,084,502	-	-	1,084,502
Land	22,905	-	-	22,905
Total capital assets, not being depreciated	<u>1,901,380</u>	<u>-</u>	<u>-</u>	<u>1,901,380</u>
Capital assets, being depreciated:				
Drainage/irrigation improvements	878,622	120,542	-	999,164
Park and recreation facilities	2,595,246	6,500	-	2,601,746
Parking lot improvements	150,267	55,950	-	206,217
Total capital assets, being depreciated	<u>3,624,135</u>	<u>182,992</u>	<u>-</u>	<u>3,807,127</u>
Less accumulated depreciation for:				
Drainage/irrigation improvements	178,494	37,556	-	216,050
Park and recreation facilities	756,597	133,598	-	890,195
Parking lot improvements	2,147	5,093	-	7,240
Total accumulated depreciation	<u>937,238</u>	<u>176,247</u>	<u>-</u>	<u>1,113,485</u>
Total capital assets, being depreciated, net	<u>2,686,897</u>	<u>6,745</u>	<u>-</u>	<u>2,693,642</u>
Governmental activities capital assets, net	<u>\$ 4,588,277</u>	<u>\$ 6,745</u>	<u>\$ -</u>	<u>\$ 4,595,022</u>

Depreciation expense of \$176,247 was charged to the Parks function on the statement of activities.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in long-term obligations for the year ended December 31, 2013:

	<u>Balance at December 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2013</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds payable:					
1993A	\$ 1,690,554	\$ -	\$ 450,000	\$ 1,240,554	\$ 500,000
1993B - Principal only	4,699,560	-	280,000	4,419,560	300,000
1993C	1,444,277	-	1,444,277	-	-
2004A	7,435,000	-	-	7,435,000	500,000
Total bonds payable	<u>15,269,391</u>	<u>-</u>	<u>2,174,277</u>	<u>13,095,114</u>	<u>1,300,000</u>
Developer advance payable:					
Principal	270,686	-	61,545	209,141	-
Interest	490	13,712	5,607	8,595	-
Total developer advance payable	<u>271,176</u>	<u>13,712</u>	<u>67,152</u>	<u>217,736</u>	<u>-</u>
Total long-term obligations	<u>\$ 15,540,567</u>	<u>\$ 13,712</u>	<u>\$ 2,241,429</u>	<u>\$ 13,312,850</u>	<u>\$ 1,300,000</u>

A description of the bonds outstanding at December 31, 2013 is as follows:

Series 1993 Bonds

The bonds are payable only from the revenue from the voter approved mill levy (December 1992 election) to generate a “guaranteed revenue” deposited directly to the Trustee and restricted for Series A and B, including interest earned on the cash deposited. The requirement for a replenishable reserve of \$50,000 ended in 2003. Any unpaid interest compounds semi-annually.

1993 Series A

\$4,250,000 of principal bears interest at 9%, payable semiannually and matures December 31, 2016, but are subject to mandatory redemption at increasing amounts beginning in 1999 through 2016. Unpaid interest will accrue interest compounded at 9%. The bonds are not callable at the option of the District or redeemable by action of the bondholders.

1993 Series B Principal Only

\$6,247,629 of principal bears interest at 10.41%, payable semiannually and matures December 31, 2021. The Series B Principal Only Bonds are subject to mandatory redemption in increasing amounts in 2000 through 2021. The bonds are not callable at the option of the District.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

1993 Series C

\$1,444,277 of principal bears interest at 9.84%, payable semiannually, matures December 31, 2032 and are payable solely from the funds held specifically for the Series C bondholders by the Trustee after application of procedures to pay principal and interest on Series A and Series B bonds. Principal cannot be paid until June 30, 2013. On January 1, 2043, any unpaid principal and accrued interest shall be discharged in full. During 2013, the Trustee paid \$142,117 of interest on the 1993 Series C Bonds. The 1993 Series C bonds were paid in full on December 31, 2013.

As of September 1, 1993, the 1993 Series A, 1993 Series B and 1993 Series C bonds were offered in exchange for the Series 1986 General Obligation Bonds pursuant to the Plan of Debt Reorganization approved August 9, 1993. The Trustee did not issue \$39,446 of the Series 1993A bonds and \$58,069 of the Series 1993B Principal Only Bonds, therefore, the unrepresented 1986 bonds lost any right to distribution. These amounts were removed as a liability of the District.

Series 2004 Bonds

\$9,955,000 General Obligation Refunding Bonds, Series 2004A, dated December 1, 2004, with interest of 3.25% to 4.25%, consisting of serial bonds due annually beginning in 2006 through 2021. The bonds are subject to redemption prior to maturity at the option of the District for bonds maturing on December 1, 2015 and thereafter at a redemption price equal to 100% of the principal amount plus accrued interest at the time of redemption. The principal and interest of these bonds are insured as to repayment by Ambac Assurance Corporation. Ambac is not rated.

The District's long-term obligations will mature as follows:

	Governmental Activities		
	Principal	Interest	Total
2014	\$ 1,300,000	\$ 876,378	\$ 2,176,378
2015	1,385,000	778,899	2,163,899
2016	1,465,554	696,715	2,162,269
2017	1,560,000	602,763	2,162,763
2018	1,660,000	493,890	2,153,890
2019-2021	5,724,560	734,964	6,459,524
	<u>\$ 13,095,114</u>	<u>\$ 4,183,609</u>	<u>\$ 17,278,723</u>

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

At a special election held December 30, 1992, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$14,000,000 at an interest rate not to exceed 10.6% per annum. As of December 31, 2013, all of the authorized debt had been issued.

The authorization provided that the bonds would be subject to a minimum mill levy for property taxes which increases from 16.0 mills in 1993 to 39.5 mills in 2005 through 2042 adjusted for changes in the State mandated assessment procedures and the levy must be sufficient to generate a minimum revenue as stated in the ballot question.

Changes to the calculation under the State Constitution required the minimum mill levy to adjust to 66.045 mills for the 2014 collection.

Due to the refunding of the 1993 Series B Interest Only Bonds and the 1993 Series B Interest Certificates in 2004, the District levied 39.300 mills in 2013 for collection of \$2,118,725 of property taxes in 2014 for debt service, which was adequate to meet the new debt service requirements for 2014.

On November 2, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$10,500,000 at an interest rate not to exceed 7% per annum. At December 31, 2013, the District had authorized but unissued indebtedness of \$475,000 for the purpose of debt refunding.

See Note 10 for terms of the Developer advance.

NOTE 6 - NET POSITION

The District has net position consisting of three components - net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2013, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net investment in capital assets	
Capital assets, net	\$ 4,595,022
Net investment in capital assets	\$ 4,595,022

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 - NET POSITION (CONTINUED)

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2013 as follows:

Emergencies (see Note 9)	\$ 26,700
Debt service	<u>1,766,473</u>
	<u>\$ 1,793,173</u>

The District's unrestricted net position as of December 31, 2013 is \$(11,714,010). This deficit amount was the result of the District being responsible for the repayment of bonds issued for the public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 - 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, 2013. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, 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 8 - CONSERVATION TRUST FUND ENTITLEMENT

The District was entitled to and received \$34,077 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.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 - 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.

On November 6, 2001, a majority of the District's electors who voted at the November 6, 2001 election authorized the District to collect and spend or retain in a reserve the full amount of revenue generated from all sources during fiscal years 2002 and subsequent years.

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.

NOTE 10 - INCLUSION AND REIMBURSEMENT AGREEMENT

On December 2, 1999, a parcel of land (commonly known as Chatfield Farms) was included into the District. This land is subject to all property taxes levied by the District, including debt service taxes. The District also entered into a Reimbursement Agreement with the owner of Chatfield Farms. Under the Agreement, the District may reimburse the owner for the costs of specifically described park, trail and landscaping improvements (not to exceed \$1,209,200), after such improvements have been constructed by the landowner and accepted for maintenance by the District. The District is only obligated to reimburse the owner if annual property tax revenue generated from Chatfield Farms exceeds related annual maintenance, administrative and capital reserve costs (Related Costs). If any year's property tax revenues are insufficient to pay for the Related Costs, the District may recover such shortfalls from future property tax revenue. Interest on unreimbursed costs to the owner and interest on any shortfalls in the District's Related Costs will each accrue interest at the rate of six percent (6%) per annum. Any unpaid reimbursement amounts and accrued interest thereon which are not paid on or before August 10, 2029, shall be forgiven, and the District shall have no further obligation or liability with respect to such reimbursements or interest thereon.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 10 - INCLUSION AND REIMBURSEMENT AGREEMENT (CONTINUED)

In 2012, the District accepted \$359,615 in public improvements constructed by the owner of Chatfield Farms. In 2012, the annual property tax revenue generated from Chatfield Farms exceeded the related costs by \$67,152. This excess was reimbursed to the owner in 2013. The payment in 2014 is expected to be approximately \$35,000. At December 31, 2013, the outstanding principal was \$209,141 with accrued interest of \$8,595.

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

SUPPLEMENTARY INFORMATIO

**ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2013**

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,372,662	\$ 2,372,662	\$ 2,340,962	\$ (31,700)
Net investment income	6,000	6,000	6,088	88
Total revenues	<u>2,378,662</u>	<u>2,378,662</u>	<u>2,347,050</u>	<u>(31,612)</u>
EXPENDITURES				
County Treasurer's fees	35,590	35,590	35,176	414
Bond principal	2,174,277	2,174,277	2,174,277	-
Interest expense - 1993 bonds	724,055	789,932	784,479	5,453
Interest expense - 2004 bonds	304,651	304,651	304,651	-
Paying agent and trustee fees	2,550	2,550	4,750	(2,200)
Contingency	3,000	3,000	623	2,377
Total expenditures	<u>3,244,123</u>	<u>3,310,000</u>	<u>3,303,956</u>	<u>6,044</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(865,461)	(931,338)	(956,906)	(25,568)
FUND BALANCES - BEGINNING OF YEAR	<u>2,757,933</u>	<u>2,748,767</u>	<u>2,748,767</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,892,472</u>	<u>\$ 1,817,429</u>	<u>\$ 1,791,861</u>	<u>\$ (25,568)</u>

**ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2013**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Conservation trust funds	\$ 32,000	\$ 34,077	\$ 2,077
Net investment income	7,000	2,695	(4,305)
Miscellaneous	1,000	-	(1,000)
Total revenues	<u>40,000</u>	<u>36,772</u>	<u>(3,228)</u>
EXPENDITURES			
Accounting	3,000	-	3,000
Engineering	15,000	7,474	7,526
Legal	5,000	1,069	3,931
Management	10,000	1,035	8,965
Contingency	250,000	-	250,000
Repay Developer	-	67,152	(67,152)
Capital outlay / expenditures			
Water rights purchase	600,000	-	600,000
Irrigation upgrade/replacement	-	111,904	(111,904)
Drainage enhancements	-	8,638	(8,638)
Tree replacements	12,000	2,880	9,120
Signage	-	6,500	(6,500)
Parking lot improvements	100,000	55,950	44,050
Parks and open space master plan update	-	10,208	(10,208)
Total expenditures	<u>995,000</u>	<u>272,810</u>	<u>722,190</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(955,000)	(236,038)	718,962
FUND BALANCES - BEGINNING OF YEAR	<u>1,531,300</u>	<u>1,536,379</u>	<u>5,079</u>
FUND BALANCES - END OF YEAR	<u>\$ 576,300</u>	<u>\$ 1,300,341</u>	<u>\$ 724,041</u>

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2013

Year Ended December 31,	1993 Series A Interest Rate 9.00% Principal Paid December 31 Interest Paid June 30 and December 31		1993 Series B Principal Only Bonds Interest Rate 10.41% Principal Paid December 31 Interest Paid June 30 and December 31	
	Principal	Interest	Principal	Interest
2014	\$ 500,000	\$ 111,650	\$ 300,000	\$ 460,077
2015	500,000	66,650	60,000	428,847
2016	240,554	21,650	380,000	422,601
2017	-	-	725,000	383,043
2018	-	-	800,000	307,570
2019	-	-	825,000	224,290
2020	-	-	900,000	138,407
2021	-	-	429,560	44,717
	<u>\$ 1,240,554</u>	<u>\$ 199,950</u>	<u>\$ 4,419,560</u>	<u>\$ 2,409,552</u>

**2004A Series
General Obligation Refunding
Interest Rate 3.25%-4.25%**

Interest Paid		Total		
June 1 and December 1		Principal	Interest	Total
Principal	Interest	Principal	Interest	Total
\$ 500,000	\$ 304,651	\$ 1,300,000	\$ 876,378	\$ 2,176,378
825,000	283,402	1,385,000	778,899	2,163,899
845,000	252,464	1,465,554	696,715	2,162,269
835,000	219,720	1,560,000	602,763	2,162,763
860,000	186,320	1,660,000	493,890	2,153,890
965,000	149,770	1,790,000	374,060	2,164,060
1,015,000	110,205	1,915,000	248,612	2,163,612
1,590,000	67,575	2,019,560	112,292	2,131,852
<u>\$ 7,435,000</u>	<u>\$ 1,574,107</u>	<u>\$ 13,095,114</u>	<u>\$ 4,183,609</u>	<u>\$ 17,278,723</u>

This schedule represents the principal and interest due on the currently outstanding debt in accordance with the "Plan" of Debt Reorganization approved August 9, 1993. Actual cash payments may be more or less than displayed. Unpaid interest accrues and compounds on all series.

**ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
 FIVE YEAR SUMMARY OF ASSESSED VALUATION,
 MILL LEVY AND PROPERTY TAXES COLLECTED
 December 31, 2013**

<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>	
2009	\$ 59,096,420	12.087	45.000	\$ 3,373,637	\$ 3,361,691	99.7%
2010	\$ 58,465,140	12.087	45.000	\$ 3,337,599	\$ 3,335,284	99.9%
2011	\$ 58,611,810	12.087	45.000	\$ 3,345,972	\$ 3,342,860	99.9%
2012	\$ 52,346,610	12.087	45.000	\$ 2,988,310	\$ 2,975,495	99.6%
2013	\$ 52,585,810	12.239	(1) 45.000	\$ 3,009,959	\$ 2,969,745	98.7%
Estimated for calendar year ending December 31, 2014	\$ 53,911,600	12.418	(2) 39.300	\$ 2,788,200		

NOTE:

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

(1) The 2013 General Fund mill levy includes 0.152 mills for refunds and abatements.

(2) The 2014 General Fund mill levy includes 0.331 mills for refunds and abatements.