
CASTLE PINES NORTH
METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2023

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Independent Auditors' Report

Board of Directors
Castle Pines North Metropolitan District
Castle Pines, Colorado

Report On The Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Castle Pines North Metropolitan District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Report On Summarized Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated January 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund on page 44, the schedule of the District's proportionate share of the net pension liability - cost-sharing defined benefit plans on page 45 and the schedule of the District's contributions - cost-sharing defined benefit plans on page 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial schedules on pages 47 through 48 are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 individual fund financial schedules are fairly stated in all material respects in relation to the financial statements as a whole.

RubinBrown LLP

September 24, 2024

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2023

(With Comparative Totals For December 31, 2022)

	Governmental Activities	Business-Type Activities	2023 Total	2022 Total
Assets				
Cash and cash equivalents	\$ 1,428,941	\$ 49,755,615	\$ 51,184,556	\$ 60,231,248
Cash and cash equivalents - restricted	—	—	—	419,370
Property taxes receivable	—	973,360	973,360	3,308,191
Accounts receivable - services	—	585,017	585,017	731,095
Prepaid items	—	—	—	32,082
Capital assets, not being depreciated	59,209,386	1,343,531	60,552,917	59,687,242
Capital assets, net of accumulated depreciation	1,856,815	64,229,419	66,086,234	63,903,184
Net pension asset	—	—	—	62,656
Total Assets	62,495,142	116,886,942	179,382,084	188,375,068
Deferred Outflows Of Resources				
Deferred outflows relating to pensions	87,829	196,490	284,319	86,331
Total Deferred Outflows Of Resources	87,829	196,490	284,319	86,331
Liabilities				
Accounts payable	—	712,635	712,635	499,963
Due to other government	1,428,941	24,377	1,453,318	—
Accrued compensated absences	—	28,695	28,695	60,593
Long-term debt payable - less than one year	—	255,000	255,000	250,000
Long-term debt payable - greater than one year	—	2,689,750	2,689,750	2,944,750
Net pension liability	174,318	389,980	564,298	—
Total Liabilities	1,603,259	4,100,437	5,703,696	3,755,306
Deferred Inflows Of Resources				
Deferred property taxes	—	973,360	973,360	3,308,191
Deferred inflows of resources relating to pensions	23,687	52,993	76,680	636,834
Total Deferred Inflows Of Resources	23,687	1,026,353	1,050,040	3,945,025
Net Position				
Net investment in capital assets	61,066,201	62,628,200	123,694,401	120,395,676
Restricted for:				
Emergency reserve	—	112,512	112,512	116,356
Conservation Trust Fund	—	—	—	419,370
Unrestricted	(110,176)	49,215,930	49,105,754	59,829,666
Total Net Position	\$ 60,956,025	\$ 111,956,642	\$ 172,912,667	\$ 180,761,068

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2023

(With Comparative Totals For The Year Ended December 31, 2022)

Functions/Programs	Total Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position		2023 Total	2022 Total
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities								
General government	\$ 363,240	\$ 126,687	\$ —	\$ —	\$ (236,553)	\$ —	\$ (236,553)	\$ (879,919)
Parks and open space	262,742	—	74,294	—	(188,448)	—	(188,448)	(993,940)
Conveyance to other government	11,269,406	—	—	—	(11,269,406)	—	(11,269,406)	—
Interest and related costs on long-term debt	—	—	—	—	—	—	—	40,710
Total Governmental Activities	11,895,388	126,687	74,294	—	(11,694,407)	—	(11,694,407)	(1,833,149)
Business-Type Activities								
Water	6,646,750	4,263,963	—	1,743,638	—	(639,149)	(639,149)	9,070,909
Wastewater	2,746,546	2,425,344	—	—	—	(321,202)	(321,202)	1,476,502
Storm drainage	1,397,497	35,439	—	—	—	(1,362,058)	(1,362,058)	197,872
Total Business-Type Activities	10,790,793	6,724,746	—	1,743,638	—	(2,322,409)	(2,322,409)	10,745,283
Total	\$ 22,686,181	\$ 6,851,433	\$ 74,294	\$ 1,743,638	(11,694,407)	(2,322,409)	(14,016,816)	8,912,134
General Revenues								
Taxes:								
Property taxes					3,305,666	—	3,305,666	3,320,757
Specific ownership taxes					307,359	—	307,359	293,970
Miscellaneous income					2,017	19,279	21,296	66,405
Earnings on investments					8,679	2,538,857	2,547,536	630,478
Gain on sale of water rights					—	—	—	10,116,744
Loss on disposal of assets					(8,500)	(4,942)	(13,442)	9,106
Transfers					(650,000)	650,000	—	—
Total General Revenues					2,965,221	3,203,194	6,168,415	14,437,460
Changes In Net Position					(8,729,186)	880,785	(7,848,401)	23,349,594
Net Position At Beginning Of Year					69,685,211	111,075,857	180,761,068	157,411,474
Net Position At End Of Year					\$ 60,956,025	\$ 111,956,642	\$ 172,912,667	\$ 180,761,068

CASTLE PINES NORTH METROPOLITAN DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2023

(With Comparative Totals For December 31, 2022)

	General	2023 Total	2022 Total
Assets			
Cash and cash equivalents	\$ 1,428,941	\$ 1,428,941	\$ 8,018,960
Cash and cash equivalents - restricted	—	—	419,370
Property taxes receivable	—	—	3,308,191
Prepaid items	—	—	27,511
Total Assets	\$ 1,428,941	\$ 1,428,941	\$ 11,774,032
Liabilities			
Accounts payable	\$ —	\$ —	\$ 196,981
Due to other government	1,428,941	1,428,941	—
Total Liabilities	1,428,941	1,428,941	196,981
Deferred Inflows Of Resources			
Deferred property taxes	—	—	3,308,191
Fund Balances			
Nonspendable:			
Prepaid items	—	—	27,511
Restricted for:			
Emergency reserve	—	—	116,356
Conservation Trust Fund	—	—	419,370
Unassigned	—	—	7,705,623
Total Fund Balance	—	—	8,268,860
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	\$ 1,428,941	\$ 1,428,941	\$ 11,774,032

CASTLE PINES NORTH METROPOLITAN DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

December 31, 2023
(With Comparative Totals For December 31, 2022)

		<u>2023</u>	<u>2022</u>
Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balance - governmental funds	\$	—	\$ 8,268,860
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.			
Capital assets	\$		
Accumulated depreciation		<u>(3,680,367)</u>	61,684,017
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund financial statements.			
Accrued compensated absences		—	(41,444)
Net pension liability and related deferred inflows and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements.			
Net pension liability		(174,318)	
Deferred outflows of resources relating to pensions		87,829	
Deferred inflows of resources relating to pensions		<u>(23,687)</u>	(226,222)
Total Net Position - Governmental Activities	\$	60,956,025	\$ 69,685,211

CASTLE PINES NORTH METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2023

(With Comparative Totals For The Year Ended December 31, 2022)

	General	2023 Total	2022 Total
Revenues			
Property taxes	\$ 3,305,666	\$ 3,305,666	\$ 3,320,757
Specific ownership taxes	307,359	307,359	293,970
Conservation Trust Fund	74,294	74,294	48,663
Farm land revenue	34,600	34,600	22,872
Lease income	70,132	70,132	99,397
Oil royalty income	21,955	21,955	43,657
Earnings on investments	8,679	8,679	61,696
Miscellaneous income	2,017	2,017	36,203
Total Revenues	3,824,702	3,824,702	3,927,215
Expenditures			
Current:			
General government	388,304	388,304	1,143,244
Parks and open space	262,742	262,742	1,042,603
Capital outlay	458,611	458,611	315,225
Debt service:			
Principal	—	—	18,805,000
Interest and fees	—	—	330,381
Total Expenditures	1,109,657	1,109,657	21,636,453
Excess (Deficiency) Of Revenues Over Expenditures	2,715,045	2,715,045	(17,709,238)
Other Financing Sources (Uses)			
Transfers out/in, base rental	—	—	9,289,899
Proceeds on disposal of capital assets	—	—	9,229,364
Conveyance to other government	(10,333,905)	(10,333,905)	—
Transfers out, other	(650,000)	(650,000)	—
Total Other Financing Sources (Uses)	(10,983,905)	(10,983,905)	18,519,263
Net Change In Fund Balances	(8,268,860)	(8,268,860)	810,025
Fund Balance - Beginning Of Year	8,268,860	8,268,860	7,458,835
Fund Balance - End Of Year	\$ —	\$ —	\$ 8,268,860

CASTLE PINES NORTH METROPOLITAN DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2023

(With Comparative Totals For The Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - governmental funds	\$ (8,268,860)	\$ 810,025
Capital outlay to purchase or build capital assets is reported in governmental funds as expenditures. However, for governmental activities, these costs are capitalized on the statement of net position and depreciated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay	\$ 458,611	
Net book value of capital assets disposed	(8,500)	
Depreciation expense	<u>(132,426)</u>	317,685
		(3,927,892)
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.		
Conveyance to other government	(935,501)	
Change in compensated absences	<u>41,444</u>	(894,057)
		363,098
Repayment of bond and COP principal are expenditures in the governmental funds but are shown as reductions in long-term liabilities in the statement of net position and do not affect the statement of activities.		— 18,805,000
Pension income relating to the District's defined benefit retirement plan is recognized on the statement of activities and, therefore, not included in the fund financial statements.		116,046 251,216
	<u>116,046</u>	<u>251,216</u>
Change In Net Position Of Governmental Activities	\$ (8,729,186)	\$ 16,301,447

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION - ENTERPRISE FUNDS

December 31, 2023

(With Comparative Totals For December 31, 2022)

	Water	Wastewater	Storm Drainage	2023 Total	2022 Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 44,218,375	\$ 5,512,863	\$ 24,377	\$ 49,755,615	\$ 52,212,288
Accounts receivable - services	350,994	234,023	—	585,017	731,095
Property tax receivable	730,020	243,340	—	973,360	—
Prepaid expenses	—	—	—	—	4,571
Total Current Assets	45,299,389	5,990,226	24,377	51,313,992	52,947,954
Capital Assets					
Property, plant and equipment	74,808,627	18,078,616	—	92,887,243	87,604,892
Accumulated depreciation	(22,941,922)	(4,372,371)	—	(27,314,293)	(25,698,483)
Total Capital Assets	51,866,705	13,706,245	—	65,572,950	61,906,409
Long-Term Assets					
Net pension asset	—	—	—	—	33,602
Total Assets	97,166,094	19,696,471	24,377	116,886,942	114,887,965
Deferred Outflows Of Resources					
Deferred outflows of resources relating to pensions	126,898	69,592	—	196,490	46,298
Liabilities					
Current Liabilities					
Accounts payable	446,222	266,413	—	712,635	302,982
Due to other government	—	—	24,377	24,377	—
Long-term debt payable - less than one year	—	255,000	—	255,000	250,000
Accrued compensated absences	18,652	10,043	—	28,695	19,149
Total Current Liabilities	464,874	531,456	24,377	1,020,707	572,131
Long-Term Liabilities					
Net pension liability	251,858	138,122	—	389,980	—
Long-term debt payable - greater than one year	—	2,689,750	—	2,689,750	2,944,750
Total Long-Term Liabilities	251,858	2,827,872	—	3,079,730	2,944,750
Total Liabilities	716,732	3,359,328	24,377	4,100,437	3,516,881
Deferred Inflows Of Resources					
Deferred property taxes	730,020	243,340	—	973,360	—
Deferred inflows of resources relating to pensions	34,224	18,769	—	52,993	341,525
Total Deferred Inflows Of Resources	764,244	262,109	—	1,026,353	341,525
Net Position					
Net investment in capital assets	51,866,705	10,761,495	—	62,628,200	58,711,659
Restricted for:					
Emergency reserve	73,133	39,379	—	112,512	—
Unrestricted	43,872,178	5,343,752	—	49,215,930	52,364,198
Total Net Position	\$ 95,812,016	\$ 16,144,626	\$ —	\$ 111,956,642	\$ 111,075,857

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS

For The Year Ended December 31, 2023

(With Comparative Totals For The Year Ended December 31, 2022)

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		Water	Wastewater	Storm Drainage	2023 Total	2022 Total
Operating Revenues						
Water charges	\$	3,975,638	\$ —	\$ —	\$ 3,975,638	\$ 10,515,268
Wastewater charges		—	2,425,344	—	2,425,344	3,782,528
Storm drainage charges		—	—	35,439	35,439	252,000
Total Operating Revenues		3,975,638	2,425,344	35,439	6,436,421	14,549,796
Operating Expenses						
Water Operations						
General overhead		959,311	—	—	959,311	378,089
Salaries and wages		195,792	—	—	195,792	178,367
Employee benefits and taxes		79,667	—	—	79,667	12,427
Memberships, training and subscriptions		12,020	—	—	12,020	8,956
Engineering		340,914	—	—	340,914	336,015
Repairs and maintenance		2,584,613	—	—	2,584,613	3,222,167
Utilities		892,854	—	—	892,854	916,082
Equipment and supplies		187,382	—	—	187,382	169,159
Treatment costs		7,080	—	—	7,080	8,023
Water rebates		8,250	—	—	8,250	—
Other projects		158,996	—	—	158,996	13,331
Total Water Operations		5,426,879	—	—	5,426,879	5,242,616
Wastewater Operations						
General overhead		—	603,181	—	603,181	242,118
Salaries and wages		—	107,335	—	107,335	170,636
Employee benefits, taxes and pension credit		—	(86)	—	(86)	16,274
Memberships, training and subscriptions		—	8,634	—	8,634	4,448
Engineering		—	174,669	—	174,669	210,794
Repairs and maintenance		—	476,358	—	476,358	340,309
Utilities		—	98,719	—	98,719	103,481
Equipment and supplies		—	20,975	—	20,975	14,148
Treatment costs		—	730,926	—	730,926	677,254
Total Wastewater Operations		—	2,220,711	—	2,220,711	1,779,462
Storm Drainage Operations						
General overhead		—	—	7,165	7,165	29,419
Salaries, wages and pension credit		—	—	(11,352)	(11,352)	16,637
Employee benefits and taxes		—	—	1,332	1,332	6,704
Equipment and supplies		—	—	12	12	786
Total Storm Drainage Operations		—	—	(2,843)	(2,843)	53,546
Total Operating Expenses		5,426,879	2,220,711	(2,843)	7,644,747	7,075,624
Operating Income (Loss) Before Depreciation		(1,451,241)	204,633	38,282	(1,208,326)	7,474,172
Depreciation		1,219,871	427,437	—	1,647,308	1,557,069

CASTLE PINES NORTH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS

For The Year Ended December 31, 2023

(With Comparative Totals For The Year Ended December 31, 2022)

Page 2 Of 2

	Water	Wastewater	Storm Drainage	2023 Total	2022 Total
Operating Income (Loss)	\$ (2,671,112)	\$ (222,804)	\$ 38,282	\$ (2,855,634)	\$ 5,917,103
Nonoperating Revenues (Expenses)					
Earnings on investments	1,766,733	756,283	15,841	2,538,857	568,782
Interest expense	—	(98,398)	—	(98,398)	(105,794)
Reimbursable income	—	—	—	—	32,241
Miscellaneous revenues (expenses)	19,279	—	—	19,279	(2,039)
Gain on sale of water rights	—	—	—	—	4,984,673
Renewable water investment	288,325	—	—	288,325	3,219,340
Gain (loss) on disposal of assets	—	—	(4,942)	(4,942)	9,106
Total Nonoperating Revenues	2,074,337	657,885	10,899	2,743,121	8,706,309
Income (Loss) Before Capital Contributions, Conveyances, And Transfers	(596,775)	435,081	49,181	(112,513)	14,623,412
Capital Contributions, Conveyances And Transfers					
Capital improvement charges	1,743,638	—	—	1,743,638	1,714,634
Conveyance to other government	—	—	(1,400,340)	(1,400,340)	—
Transfers in	422,500	227,500	—	650,000	—
Transfers out	—	—	—	—	(9,289,899)
Change In Net Position	1,569,363	662,581	(1,351,159)	880,785	7,048,147
Net Position At Beginning Of Year	94,242,653	15,482,045	1,351,159	111,075,857	104,027,710
Net Position At End Of Year	\$ 95,812,016	\$ 16,144,626	\$ —	\$ 111,956,642	\$ 111,075,857

CASTLE PINES NORTH METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
For The Year Ended December 31, 2023
(With Comparative Totals For The Year Ended December 31, 2022)

	Water	Wastewater	Storm Drainage	2023 Total	2022 Total
Cash Flows From Operating Activities					
Receipts from customers and others	\$ 4,104,698	\$ 2,415,824	\$ 61,977	\$ 6,582,499	\$ 14,569,500
Payments to suppliers	(4,936,358)	(1,913,948)	(7,529)	(6,857,835)	(7,286,705)
Payments to employees	(231,422)	(137,923)	(8,939)	(378,284)	(472,450)
Net Cash Flows Provided By (Used In) Operating Activities	(1,063,082)	363,953	45,509	(653,620)	6,810,345
Cash Flows From Noncapital Financing Activities					
Miscellaneous revenue	19,279	—	—	19,279	30,202
Renewable water investment	288,325	—	—	288,325	3,219,340
Net Cash Flows Provided By Noncapital Financing Activities	307,604	—	—	307,604	3,249,542
Cash Flows From Capital And Related Financing Activities					
Capital contributions	1,743,638	—	—	1,743,638	1,714,634
Principal payments on loans	—	(250,000)	—	(250,000)	(240,250)
Interest paid on loans	—	(98,398)	—	(98,398)	(105,794)
Acquisition of capital assets	(4,277,123)	(1,041,669)	—	(5,318,792)	(5,453,447)
Proceeds on disposal of capital assets	—	—	—	—	8,987,886
Interfund transfer	422,500	227,500	—	650,000	(9,289,899)
Conveyance to other government	—	—	(1,375,963)	(1,375,963)	—
Net Cash Flows Used In Capital And Related Financing Activities	(2,110,985)	(1,162,567)	(1,375,963)	(4,649,515)	(4,386,870)
Cash Flows Provided By Investing Activities					
Earnings on investments	1,766,733	756,283	15,842	2,538,858	568,782
Net Increase (Decrease) In Cash And Cash Equivalents	(1,099,730)	(42,331)	(1,314,612)	(2,456,673)	6,241,799
Cash And Cash Equivalents, Beginning Of Year	45,318,105	5,555,194	1,338,989	52,212,288	45,970,489
Cash And Cash Equivalents, End Of Year	\$ 44,218,375	\$ 5,512,863	\$ 24,377	\$ 49,755,615	\$ 52,212,288
Reconciliation Of Operating Income (Loss) To Net Cash Flows From Operating Activities					
Operating income (loss)	\$ (2,671,112)	\$ (222,804)	\$ 38,282	\$ (2,855,634)	\$ 5,917,103
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	1,219,871	427,437	—	1,647,308	1,557,069
Changes in operating assets and liabilities:					
Accounts receivable	129,060	(9,520)	26,538	146,078	20,510
Prepaid items	2,286	1,828	457	4,571	43,271
Accounts payable	212,776	197,686	(809)	409,653	(645,400)
Accrued expenses	—	—	—	—	(9,997)
Deferred revenue	—	—	—	—	(806)
Accrued compensated absences	10,758	2,149	(3,361)	9,546	8,988
Net pension asset/liability and related deferred inflows/outflows of resources	33,279	(32,823)	(15,598)	(15,142)	(80,393)
Net Cash Flows Provided By (Used In) Operating Activities	\$ (1,063,082)	\$ 363,953	\$ 45,509	\$ (653,620)	\$ 6,810,345

CASTLE PINES NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. Summary Of Significant Accounting Policies

Form Of Organization

Castle Pines North Metropolitan District (the District) is a quasi-municipal corporation and political subdivision of the State of Colorado under the Special District Act (Title 32, Article 1, Colorado Revised Statutes (CRS)). The District was organized by a court order on June 11, 1984 and is governed by an elected five-member Board of Directors (the Board). The District was established to provide water service, wastewater service, storm drainage service and parks and open space services for the benefit of the property owners, residents and users of the facilities of the District. The District has several agreements with various entities to provide additional water resources for the community. As of December 31, 2023, the District is in the process of transferring storm drainage and parks and open space services to the City of Castle Pines (the City) in accordance with an intergovernmental agreement (IGA), as disclosed in Note 10.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

Reporting Entity

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: the Board is the publicly elected governing body; it is a legally separate entity and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- Appointment of a voting majority of the component unit's governing board, and either a) it has the ability to impose its will by the primary government or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government or

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

- Fiscal dependency on the primary government and the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the primary government, regardless of whether the organization has (1) a separately elected governing board or (2) a governing board appointed by a higher level of government, or
- A jointly appointed board

Based on the application of these criteria, there are no component units included in the District's reporting entity.

Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the District's fleet service function and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

The government-wide and proprietary fund 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, certain deferred outflows of resources, liabilities and certain deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances presents increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby 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. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied and become an enforceable lien on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services provided. Operating expenses for the proprietary fund include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the primary intent is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District reports the following major enterprise funds:

Water Enterprise Fund - The Water Enterprise Fund accounts for the water operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Wastewater Enterprise Fund - The Wastewater Enterprise Fund accounts for the wastewater operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Storm Drainage Enterprise Fund - The Storm Drainage Enterprise Fund accounts for the storm drainage operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not in sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Budgets

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- By October 15, the District Manager submits to the Board a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A duly noticed public hearing is conducted to obtain taxpayer comments.
- Prior to December 15, the budget is formally adopted, monies are appropriated by fund and a mill levy is certified through passage of a Board resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board through passage of a budget amendment after a duly noticed public hearing.
- The District appropriates revenues and expenditures by fund as part of the budget approval process. Budgets for the governmental funds are adopted on a basis consistent with GAAP. Budgetary comparisons presented for the enterprise funds are presented on a non-GAAP budgetary basis.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

Cash And Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, U.S. Treasury notes and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months.

The District follows the practice of pooling cash and investments from all funds to maximize earnings on investments. 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. Earnings on investments are allocated periodically to the participating funds based upon each funds' average equity balance in the total cash and investments.

Receivables

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Tap fees, user fees and similar fees set by the Board constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Property Taxes

Property taxes are certified by the Board. The levy is based on assessed valuations determined by the Douglas County Assessor generally as of January 1 of each year. The levy is certified by December 15 to the County Commissioners and attach as an enforceable lien on property on January 1 of the following year. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. 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's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources are recognized as revenue, and the receivable is reduced.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type 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 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation is reported on the statement of activities as a current expense.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Distribution system	50 - 100 years
Collection system	50 - 100 years
Buildings	25 - 60 years
Trails	12 - 30 years
Machinery and equipment	5 - 25 years
Parking lots	15 years
Irrigation systems	30 years
Office furniture and equipment	5 years

Contributions Of Capital

Contributions of capital in government-wide and proprietary fund financial statements arise from outside contributions of capital assets, tap fees or from other outside contributions of resources restricted to capital acquisition and construction.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Interfund Transactions

Activity between funds that represent outstanding balances between funds are reported as “due to/from other funds.” The outstanding balances between the funds result mainly from the time lag between the dates that (1) the interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Compensated Absences

Personal leave benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. The District permits employees to accumulate earned but unused personal leave time. Accumulated, unpaid personal leave time is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position.

Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District recognizes deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred property taxes are recognized as revenue in the period that the amounts become available. The District also recognizes deferred inflows of resources related to pensions.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Fund Balance And Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. In the government-wide financial statements, net position is classified in the following categories:

Net Investment In Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors or the laws or regulations of other governments

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board's adopted policy, the Board has the authority to assign the designated fund balance for each governmental fund based on the intended use of resources by the District in the most recently adopted budget.

Unassigned - all other spendable amounts. Only the General Fund reports a positive unassigned fund balance. In other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to other purposes, the funds would report a negative unassigned fund balance; however, any amount reported as assigned fund balance would have to be eliminated before a negative unassigned fund balance could be reported.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Pensions

The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments at PERA are reported at fair value.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (Continued)

Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

2. Cash, Cash Equivalents And Investments

A summary of cash, cash equivalents and investments as of December 31, 2023, follows:

	S&P Rating	Fair Value	Weighted Ave. Maturity Date (In Days)	Concentration Of Credit Risk
Cash with county treasurer	NR	\$ 47,536	N/A	N/A
Deposits with financial institutions	NR	390,063	N/A	N/A
Colorado Government Liquid Asset Trust (Colotrust)	AAAm	50,746,957	Under 60 days	100.00%
		\$ 51,184,556		

The above amounts are classified in the statement of net position as follows:

Cash and cash equivalents:	
Governmental activities	\$ 1,428,941
Business-type activities	49,755,615
	<u>\$ 51,184,556</u>

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Custodial Credit Risk - Deposits

CRS governs the entity's deposits of cash. For deposits in excess of federally insured limits, CRS requires the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2023, the District had deposits with financial institutions with a carrying amount of \$390,063. The bank balances with the financial institutions were \$844,412 of which \$349,985 was covered by federal depository insurance. The remaining balance of \$494,427 was collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

The District has a formal investment policy which follows CRS, which specifies investment instruments meeting defined rating and risk criteria in which the District may invest.

These investments include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Fair Value

The District categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Local Government Investment Pools

During 2023, the District invested in the Colorado Local Government Liquid Asset Trust (Colotrust), 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 Colotrust. Colotrust records its investments at fair value and the District records its investments in Colotrust using the net asset value method. As of December 31, 2023, the District had \$50,746,957 invested in COLOTRUST PLUS+, one of the three portfolios offered by Colotrust, which is included in cash equivalents. COLOTRUST PLUS+ operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust is exempt from being measured at fair value and is excluded from the fair value hierarchy. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption notice period. COLOTRUST PLUS+ may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. COLOTRUST PLUS+ is rated AAAM by S&P Global Ratings with a weighted average maturity of under 60 days. Separate financial statements can be obtained by calling 303.864.7474 or going to www.colotrust.com.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of a failure of a counterparty, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Due to the limitations specified by Colorado statutes, as of December 31, 2023, the District had no investments exposed to custodial credit risk.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (Continued)

Interest Rate Risk

CRS limits investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

3. Capital Assets

A summary of changes in governmental activity capital assets is as follows:

	Balance December 31, 2022			Balance December 31, 2023	
	Additions	Deletions			
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land and improvements to land	\$ 45,583,416	\$ —	\$ —	\$ 45,583,416	
Water and water storage rights	13,625,970	—	—	13,625,970	
Construction in progress	374,741	458,611	(833,352)	—	
Total Capital Assets, Not Being Depreciated	59,584,127	458,611	(833,352)	59,209,386	
Capital Assets, Being Depreciated					
Parking lots	202,710	—	—	202,710	
Parks, buildings and equipment	3,341,804	—	(592,465)	2,749,339	
Concrete trails	2,283,069	—	—	2,283,069	
Asphalt trails	302,064	—	—	302,064	
Irrigation system	436,943	—	(436,943)	—	
Office furniture and equipment	22,587	—	(22,587)	—	
Total Capital Assets, Being Depreciated	6,589,177	—	(1,051,995)	5,537,182	
Less Accumulated Depreciation For:					
Parking lots	(202,710)	—	—	(202,710)	
Parks, buildings and equipment	(2,567,332)	(54,288)	553,504	(2,068,116)	
Concrete trails	(1,031,513)	(75,964)	—	(1,107,477)	
Asphalt trails	(302,064)	—	—	(302,064)	
Irrigation system	(363,081)	(2,174)	365,255	—	
Office furniture and equipment	(22,587)	—	22,587	—	
Total Accumulated Depreciation	(4,489,287)	(132,426)	941,346	(3,680,367)	
Total Capital Assets Being Depreciated, Net	2,099,890	(132,426)	(110,649)	1,856,815	
Governmental Activities Capital Assets, Net	\$ 61,684,017	\$ 326,185	\$ (944,001)	\$ 61,066,201	

Depreciation for governmental activity capital assets has been allocated to general government activity in the statement of activities. Of the \$944,001 of net deletions, \$935,501 was conveyed to another government as disclosed in Note 10.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (Continued)

A summary of changes in business-type activity capital assets is as follows:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land and rights of way	\$ 103,115	\$ —	\$ —	\$ 103,115
Construction in progress	—	1,240,416	—	1,240,416
Total Capital Assets Not Being Depreciated	103,115	1,240,416	—	1,343,531
Capital Assets Being Depreciated				
Buildings and improvements	10,889,288	4,078,375	—	14,967,663
Landscaping, fencing and electrical	6,565,380	—	(14,540)	6,550,840
Ground water rights	2,956,516	—	—	2,956,516
Distribution system	28,785,829	—	—	28,785,829
Collection system	1,480,781	—	—	1,480,781
Water tanks	2,315,654	—	—	2,315,654
Machinery and equipment	11,952,820	—	(21,900)	11,930,920
Vehicles	148,279	—	—	148,279
Developer contributions*	17,226,658	—	—	17,226,658
Plum Creek Water Reclamation Authority (PCWRA) plant expansion	5,180,572	—	—	5,180,572
Total Capital Assets Being Depreciated	87,501,777	4,078,375	(36,440)	91,543,712
Less Accumulated Depreciation For:				
Buildings and improvements	(4,136,765)	(268,504)	—	(4,405,269)
Landscaping, fencing and electrical	(2,261,264)	(169,060)	9,598	(2,420,726)
Ground water rights	(369,131)	(10,896)	—	(380,027)
Distribution system	(3,584,663)	(315,468)	—	(3,900,131)
Collection system	(495,236)	(14,808)	—	(510,044)
Water tanks	(1,239,503)	(46,313)	—	(1,285,816)
Machinery and equipment	(9,161,406)	(396,289)	21,900	(9,535,795)
Vehicles	(132,809)	(6,188)	—	(138,997)
Developer contributions*	(3,839,944)	(172,266)	—	(4,012,210)
PCWRA plant expansion	(477,762)	(247,516)	—	(725,278)
Total Accumulated Depreciation	(25,698,483)	(1,647,308)	31,498	(27,314,293)
Net Capital Assets Being Depreciated	61,803,294	2,431,067	(4,942)	64,229,419
Business-Type Activities Capital Assets, Net	\$ 61,906,409	\$ 3,671,483	\$ (4,942)	\$ 65,572,950

* Certain classes of assets have been classified and reclassified over time to account for shifts in accounting principles, including but not limited to developer-contributed assets. The developer-contributed assets represent the original water distribution system and wastewater collection system assets that were obtained by the District but not readily identified with specific assets.

Depreciation for business-type activity capital assets has been allocated to the following activities:

Water	\$ 1,219,871
Wastewater	427,437
Total Depreciation Expense - Business-Type Activities	\$ 1,647,308

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (Continued)

4. Long-Term Debt And Liabilities

Governmental Activities Long-Term Liability

Following is a summary of governmental activity long-term liability transactions for the year ended December 31, 2023:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Due Within One Year
Governmental Activities					
Compensated absences	\$ 41,444	\$ —	\$ (41,444)	\$ —	\$ —

Business-Type Activities Debt And Long-Term Liability

Following is a summary of business-type activity debt and long-term liability transactions for the year ended December 31, 2023:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Due Within One Year
Business-Type Activities					
JP Morgan Chase loan payable	\$ 3,194,750	\$ —	\$ (250,000)	\$ 2,944,750	\$ 255,000
Compensated absences	19,149	12,907	(3,361)	28,695	28,695
Total Business-Type Activities	\$ 3,213,899	\$ 12,907	\$ (253,361)	\$ 2,973,445	\$ 283,695

A description of the long-term debt as of December 31, 2023 is as follows:

JP Morgan Chase Loan

On December 31, 2018, the District secured a \$4,125,000 bank loan for the purpose of paying project costs related to the District's proportionate share in its interest in PCWRA. The project consisted of the design and construction of improvements to expand the treatment capacity of PCWRA which was completed in 2022. Principal payments are due annually on December 1 and interest payments are due each June 1 and December 1 until maturity. The bank loan matures on December 1, 2033 and has a fixed interest rate of 3.08%. The loan security and repayment source is a pledge of the District's Wastewater and Water Activity Enterprise revenues backed by a rate covenant. The loan contains restrictive covenants.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (Continued)

The following is a summary of the annual long-term debt principal and interest requirement for the JP Morgan Chase loan:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 255,000	\$ 90,706	\$ 345,706
2025	265,000	82,852	347,852
2026	270,000	74,690	344,690
2027	280,000	66,374	346,374
2028	290,000	57,750	347,750
2029 - 2033	1,584,750	149,072	1,733,822
	<u>\$ 2,944,750</u>	<u>\$ 521,444</u>	<u>\$ 3,466,194</u>

5. Employee Pension Plan

Plan Description

Eligible employees of the District are provided with pensions through LGDTF a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of CRS administrative rules set forth at 8 C.C.R. 1502-1 and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

PERA provides retirement, disability and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement and age at retirement. Retirement eligibility is specified in tables set forth at CRS § 24-51-602, 604, 1713 and 1714.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100% of the highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers, waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in CRS, once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all benefit recipients of the Denver Public School (DPS) benefit structure will receive an annual increase of 1.25% unless adjusted by the automatic adjustment provision (AAP) pursuant to CRS § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lessor of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for LGDTF. AAP may raise or lower the aforementioned annual increase by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above, considering a minimum 20 years of service credit, if deemed disabled.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained and the qualified survivor(s) who will receive the benefits.

Contributions

Eligible employees and the District are required to contribute to LGDTF at a rate set by Colorado statute. The contribution requirements are established under CRS § 24-51-401, et seq. and § 24-51-413. The employer contribution requirements are summarized in the table below:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employer contribution rate	10.50%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund (HCTF) as specified in CRS § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to LGDTF	9.48%	9.98%
Amortization equalization disbursement (AED) as specified in CRS § 24-51-411	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in CRS § 24-51-411	1.50%	1.50%
Defined contribution supplement as specified in CRS § 24-51-415	0.03%	0.03%
Total employer contribution rate to LGDTF	13.21%	13.71%

Note: Rates are expressed as a percentage of salary as defined in CRS § 24-51-101(42).

Employer contributions are recognized by LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to LGDTF. Employer contributions recognized by LGDTF from the District were \$53,948 for the year ended December 31, 2023.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

Pension Liabilities, Pension Income And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2023, the District reported a net pension liability of \$564,298 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total pension liability to December 31, 2022. The District's proportion of the net pension liability was based on District contributions to LGDTF for the calendar years 2022 relative to the total contributions of participating employers to LGDTF.

At December 31, 2022, the District's proportion was 0.05629%, which was a decrease of 0.01679% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized pension income of \$77,241 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ —	\$ 2,813
Net difference between projected and actual earnings on pension plan investments	230,371	—
Changes in proportion and differences between contributions recognized and proportionate share of contributions	—	73,867
District contributions subsequent to the measurement date	53,948	—
Total	\$ 284,319	\$ 76,680

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

The \$53,948 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amortization</u>
2024	\$ (90,364)
2025	24,747
2026	84,327
2027	134,981
	<u>\$ 153,691</u>

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20 - 11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	1.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by AIR

The total pension liability as of December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under CRS § 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2022, measurement date.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

The actuarial assumptions used in the December 31, 2021 valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors were considered in evaluating the long-term rate of return assumption for LGDTF, including long-term historical data, estimates inherent in current market data and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019 meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate Of Return*</u>
Global equity	54.00%	5.60%
Fixed income	23.00%	1.30%
Private equity	8.50%	7.10%
Real estate	8.50%	4.40%
Alternatives	6.00%	4.70%
<u>Total</u>	<u>100.00%</u>	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection for the projection of liabilities and the fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2021, and the financial status of the LGDTF as of the prior measurement date (December 31, 2021). In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, the total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year and the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and the 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions, assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above actuarial cost method and assumptions, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (Continued)

Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 947,314	\$ 564,298	\$ 243,650

Pension Plan Fiduciary Net Position

Detailed information about LGDTF's fiduciary net position is available in PERA's annual comprehensive financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

6. Postemployment Healthcare Benefits

Plan Description

The District contributes to HCTF, a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA-participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of CRS, as amended, establishes HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy

The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members, as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of CRS, as amended. The apportionment of the contributions to HCTF is established under Title 24, Article 51, Section 208(1)(f) of CRS, as amended. For the years ending December 31, 2023 and 2022, the District's employer contributions to HCTF were \$4,711 and \$5,547, respectively, equal to their required contributions for each year. The effect of this plan would result in an immaterial liability and therefore is not recorded at December 31, 2023.

7. Defined Contribution Pension Plan

Plan Description

Employees of the District who are members of LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of CRS, as amended, assigns the authority to establish the 401(k) plan provisions to the state legislature. PERA issues a publicly available annual comprehensive financial report for the program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402, of CRS, as amended. The District does not contribute to the Voluntary Investment Program. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2023, the 401(k) plan member contributions were \$5,929.

8. Risk Management

The District is exposed to various risks of loss related to workers' compensation; general liability; unemployment; torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees 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 amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on a 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. The District also maintains an active insurance program, whereby the District annually evaluates appropriate liability coverage.

9. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the Amendment or TABOR) to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local districts. The limits on property taxes, revenue and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

The Amendment also requires local districts to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$112,512 for this purpose.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

10. IGAs With The City

IGA Regarding Transfer Of Stormwater System And Necessary Property Rights

The District and the City entered into an IGA regarding the transfer of the District's stormwater system to the City (Stormwater IGA), effective January 25, 2023, which includes stormwater infrastructure and associated improvements, equipment and real property interests that are necessary and sufficient in order to maintain and operate the stormwater system of the District.

The Stormwater IGA also provides that the District transfer all available funds in the Storm Drainage Fund to the City to ensure the City has adequate funds to defray costs associated with the ownership and ongoing operation and maintenance of the stormwater system. During 2023, the District recorded the conveyance of assets to the City in the amount of \$1,400,340 as required by the Stormwater IGA. There were remaining funds due to the City of \$24,377 which is included in due to other government in the statement of net position as of December 31, 2023.

IGA Between The City And District Regarding Operation, Maintenance And Transfer Of Recreation Properties

The District and the City entered into an IGA regarding the transfer of the District's parks, recreation, trails and open space assets (Parks and Recreation IGA), effective March 31, 2023, in order to provide for the transfer of the responsibility for the ownership, operation and maintenance of the parks, recreation, trails and open space assets from the District to the City.

CASTLE PINES NORTH METROPOLITAN DISTRICT

Notes To Financial Statements (*Continued*)

In accordance with the Parks and Recreation IGA, the District is to convey to the City all real property, buildings, fixtures, easements for parks and trails infrastructure and interests therein related to the recreation properties that are owned by the District. The District expects the conveyance of all such real property interests, facilities and fixtures to be completed in 2024.

The Parks and Recreation IGA also provides that the District transfer all 2023 available parks and recreation funds to the City to be used for the operation and maintenance of all parks and recreation properties for the benefit of the District taxpayers, the community of Castle Pines and for all persons using such properties.

Per the Parks and Recreation IGA, during 2023 the District transferred amounts for park improvements, conservation trust funds and general funds attributable to the District's operations mill levy and miscellaneous revenues (less \$650,000 to be used for 2023 water and wastewater expenditures). The total conveyance of assets to the City recorded by the District during 2023 of \$11,269,406 is comprised of amounts related to park improvements, conservation trust funds and general funds of \$3,606,890, \$500,033 and \$7,162,483, respectively. Of the \$11,269,406, \$8,904,964 was paid in cash to the City, while \$935,501 of net book value of assets. In addition, there are remaining general and conservation trust funds of \$1,428,941 due to the City related to the Parks and Recreation IGA which is included in due to other government in the balance sheet and statement of net position as of December 31, 2023.

Required Supplementary Information

CASTLE PINES NORTH METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE (BUDGET AND ACTUAL) - GENERAL FUND
For The Year Ended December 31, 2023
(With Comparative Totals For The Year Ended December 31, 2022)

	Original Budget	Final Budget	2023 Actual Budget Basis	Variance Favorable (Unfavorable)	2022 Actual Budget Basis
Revenues					
Property taxes	\$ 3,308,191	\$ 3,308,191	\$ 3,305,666	\$ (2,525)	\$ 3,320,757
Specific ownership taxes	264,655	307,000	307,359	359	293,970
Conservation Trust Fund	46,000	74,000	74,294	294	48,663
Farm land revenue	—	34,000	34,600	600	22,872
Lease income	75,000	70,000	70,132	132	99,397
Oil royalty income	35,000	21,000	21,955	955	43,657
Earnings on investments	25,200	8,000	8,679	679	61,669
Miscellaneous income	25,000	2,000	2,017	17	36,203
Total Revenues	3,779,046	3,824,191	3,824,702	511	3,927,188
Expenditures					
General government:					
Salaries and wages	440,000	135,000	134,224	776	311,458
Employee benefits and taxes	174,330	47,000	46,484	516	99,907
Accounting, audit and legal	379,000	89,000	88,981	19	366,829
Other professional services	134,500	24,000	23,535	465	108,302
Utilities	44,500	13,500	13,231	269	32,887
Insurance	52,000	—	—	—	95,885
County collection fees	49,623	49,623	49,590	33	49,838
Memberships, training and subscriptions	13,200	2,500	2,348	152	6,644
Other office expenses	43,000	17,500	17,220	280	31,547
Repairs and maintenance	65,500	13,000	12,691	309	39,947
Total General Government	1,395,653	391,123	388,304	2,819	1,143,244
Parks and open space:					
Landscape maintenance contract	345,000	80,500	80,142	358	242,640
Landscape supplies	16,000	3,000	2,797	203	7,801
Repairs and maintenance	655,000	87,000	87,130	(130)	343,098
Utilities	495,000	76,000	75,531	469	426,963
Park services	31,000	17,500	17,142	358	22,101
Total Parks And Open Space	1,542,000	264,000	262,742	1,258	1,042,603
Capital outlay	3,176,200	500,000	458,611	41,389	281,528
Total Expenditures	6,113,853	1,155,123	1,109,657	45,466	2,467,375
Excess (Deficiency) Of Revenues Over Expenditures	(2,334,807)	2,669,068	2,715,045	45,977	1,459,813
Other Financing Sources (Uses)					
Transfers out, base rental expense	—	—	—	—	(9,845,455)
Proceeds from sale of water rights	—	—	—	—	9,229,364
Conveyance to other government	—	(10,340,000)	(10,333,905)	6,095	—
Transfers out, other	—	(650,000)	(650,000)	—	—
Total Other Financing Sources (Uses)	—	(10,990,000)	(10,983,905)	6,095	(616,091)
Net Change In Fund Balance	(2,334,807)	(8,320,932)	(8,268,860)	52,072	843,722
Fund Balance - Beginning Of Year	7,028,870	8,320,932	8,268,860	(52,072)	7,458,835
Fund Balance - End Of Year	\$ 4,694,063	\$ —	\$ —	\$ —	\$ 8,302,557

CASTLE PINES NORTH METROPOLITAN DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
COST-SHARING DEFINED BENEFIT PLAN**

For The Year Ended December 31, 2022 (Measurement Date)

Employee Pension Plan

Year Nine¹

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.05629%	0.07308%	0.08999%	0.09498%	0.11594%	0.10967%	0.10655%	0.10914%	0.10836%
District's proportionate share of the net pension liability (asset)	\$ 564,298	\$ (62,656)	\$ 468,970	\$ 694,708	\$ 1,457,671	\$ 1,221,153	\$ 1,438,726	\$ 1,202,296	\$ 971,185
District's covered payroll	\$ 461,822	\$ 543,778	\$ 635,974	\$ 654,102	\$ 727,906	\$ 677,776	\$ 666,309	\$ 648,164	\$ 608,976
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	122.19%	11.52%	73.74%	106.21%	200.26%	180.17%	215.92%	185.49%	159.48%
Plan fiduciary net position as a percentage of the total pension	82.99%	101.49%	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%	80.70%

¹ The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

CASTLE PINES NORTH METROPOLITAN DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - COST-SHARING DEFINED BENEFIT PLAN
For The Year Ended December 31, 2023
Year Ten**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 53,948	\$ 62,030	\$ 71,779	\$ 82,146	\$ 85,599	\$ 92,408	\$ 87,730	\$ 81,004	\$ 78,597	\$ 75,288
Contributions in relation to the statutorily required contributions	53,948	62,030	71,779	82,146	85,599	92,408	87,730	81,004	78,597	75,288
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 391,889	\$ 461,822	\$ 543,778	\$ 635,974	\$ 654,102	\$ 727,906	\$ 677,776	\$ 666,309	\$ 648,164	\$ 608,976
Contributions as a percentage of covered payroll	13.77%	13.43%	13.20%	12.92%	13.09%	12.70%	12.94%	12.16%	12.13%	12.36%

Other Supplementary Information

CASTLE PINES NORTH METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION (BUDGET AND ACTUAL) - ENTERPRISE FUNDS

For The Year Ended December 31, 2023

(With Comparative Totals For The Year Ended December 31, 2022)

Page 1 Of 2

	Original Budget	Final Budget	2023 Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2022 Actual Amounts Budget Basis
Revenues					
Water charges	\$ 7,090,000	\$ 7,090,000	\$ 3,975,638	\$ (3,114,362)	\$ 10,515,268
Wastewater charges	3,715,000	3,715,000	2,425,344	(1,289,656)	3,782,528
Storm drainage charges	255,000	35,000	35,439	439	252,000
Capital improvement charges	1,200,000	1,200,000	1,743,638	543,638	1,714,634
Earnings on investments	107,000	117,000	2,538,857	2,421,857	568,782
Reimbursable income	25,000	25,000	—	(25,000)	32,241
Renewable water investment	3,000,000	3,000,000	288,325	(2,711,675)	3,219,340
Miscellaneous income (expenses)	194,000	194,000	19,279	(174,721)	(2,039)
Proceeds from sale of water rights	—	—	—	—	8,964,886
Proceeds from sale of assets	—	—	—	—	23,000
Transfers in	—	—	650,000	650,000	—
Total Revenues	15,586,000	15,376,000	11,676,520	(3,699,480)	29,070,640
Expenditures					
Water Operations					
General overhead	610,000	610,000	959,311	(349,311)	378,089
Salaries and wages	172,000	172,000	195,792	(23,792)	216,258
Employee benefits and taxes	70,850	70,850	46,388	24,462	12,427
Memberships, training and subscriptions	8,400	8,400	12,020	(3,620)	8,956
Engineering	397,000	397,000	340,914	56,086	336,015
Repairs and maintenance	2,810,000	2,810,000	2,584,613	225,387	3,222,167
Utilities	1,084,340	1,084,340	892,854	191,486	916,082
Equipment and supplies	117,500	117,500	187,382	(69,882)	169,159
Treatment costs	11,000	11,000	7,080	3,920	8,023
Water rebates	13,000	13,000	8,250	4,750	—
Other projects	32,000	32,000	158,996	(126,996)	13,331
Transfers out	—	—	—	—	9,289,899
Total Water Operations	5,326,090	5,326,090	5,393,600	(67,510)	14,570,406
Wastewater Operations					
General overhead	460,000	460,000	603,181	(143,181)	242,118
Salaries and wages	172,000	172,000	107,335	64,665	201,683
Employee benefits, taxes and pension credit	66,650	66,650	32,738	33,912	16,274
Memberships, training and subscriptions	5,000	5,000	8,634	(3,634)	4,448
Engineering	207,200	207,200	174,669	32,531	210,794
Repairs and maintenance	623,000	623,000	476,358	146,642	340,309
Utilities	101,320	101,320	98,719	2,601	103,481
Equipment, supplies and other projects	15,000	15,000	20,975	(5,975)	14,148
Treatment costs	827,000	827,000	730,926	96,074	677,254
Interest expense	100,000	100,000	98,398	1,602	105,794
Debt service - principal	250,000	250,000	250,000	—	240,250
Total Wastewater Operations	2,827,170	2,827,170	2,601,933	225,237	2,156,553

CASTLE PINES NORTH METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION (BUDGET AND ACTUAL) - ENTERPRISE FUNDS

For The Year Ended December 31, 2023

(With Comparative Totals For The Year Ended December 31, 2022)

Page 2 Of 2

	Original Budget	Final Budget	2023 Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	2022 Actual Amounts Budget Basis
Expenditures (Continued)					
Storm Drainage Operations					
General overhead	\$ 39,500	\$ 7,500	\$ 7,165	\$ 335	\$ 29,419
Salaries, wages and pension credit	14,000	4,500	4,246	254	20,854
Employee benefits and taxes	9,000	1,300	1,332	(32)	6,704
Engineering	30,000	—	—	—	—
Repairs and maintenance	1,500	—	—	—	—
Equipment, supplies and other projects	1,500	—	12	(12)	786
Conveyance to other government	—	1,400,500	1,400,340	160	—
Total Storm Drainage Operations	95,500	1,413,800	1,413,095	705	57,763
Capital Outlay	13,420,000	13,420,000	5,318,791	8,101,209	5,453,447
Total Expenditures	21,668,760	22,987,060	14,727,419	8,259,641	22,238,169
Change In Net Position - Budgetary Basis	(6,082,760)	(7,611,060)	(3,050,899)	4,560,161	6,832,471
Reconciliation To GAAP Basis					
Pension income	—	—	15,143	15,143	73,155
Proceeds from sale of water rights	—	—	—	—	(3,980,213)
Proceeds from sale of assets	—	—	(4,942)	(4,942)	(13,894)
Debt service - principal	250,000	250,000	250,000	—	240,250
Capital outlay	13,420,000	13,420,000	5,318,791	(8,101,209)	5,453,447
Depreciation	—	—	(1,647,308)	(1,647,308)	(1,557,069)
Change In Net Position - GAAP Basis	7,587,240	6,058,940	880,785	(5,178,155)	7,048,147
Net Position - Beginning Of Year	104,027,710	104,109,213	111,075,857	6,966,644	104,027,710
Net Position - End Of Year	\$ 111,614,950	\$ 110,168,153	\$ 111,956,642	\$ 1,788,489	\$ 111,075,857