

BOWLES METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2012

with

Independent Auditors' Report

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**SCHILLING & COMPANY, INC.**

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## **Independent Auditor's Report**

Board of Directors  
Bowles Metropolitan District  
Denver and Jefferson Counties, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Bowles Metropolitan District (District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bowles Metropolitan District, as of December 31, 2012, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*SCHILLING & COMPANY, INC.*

Highlands Ranch, Colorado  
July 19, 2013

**BOWLES METROPOLITAN DISTRICT**

BALANCE SHEET / STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments	\$ 311,556	\$ -	\$ 34,886	\$ 346,442	\$ -	\$ 346,442
Cash and investments - restricted	-	13,008	-	13,008	-	13,008
Receivable - County Treasurer	10,931	-	-	10,931	-	10,931
Property taxes receivable - deferred	922,363	1,215,330	-	2,137,693	-	2,137,693
Prepaid expenses	6,664	-	-	6,664	-	6,664
Prepaid bond insurance	-	-	-	-	288,176	288,176
Investment in Joseph W. Bowles Reservoir Company	-	-	-	-	1,422,885	1,422,885
Capital assets, not being depreciated	-	-	-	-	4,905,710	4,905,710
Capital assets, being depreciated, net of depreciator	-	-	-	-	974,024	974,024
Total Assets	<u>\$1,251,514</u>	<u>\$1,228,338</u>	<u>\$ 34,886</u>	<u>\$ 2,514,738</u>	<u>7,590,795</u>	<u>10,105,533</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding	-	-	-	-	390,474	390,474
Total Deferred Outflows of Resources	-	-	-	-	390,474	390,474
Total Assets and Deferred Outflows of Resources	<u>\$1,251,514</u>	<u>\$1,228,338</u>	<u>\$ 34,886</u>	<u>\$ 2,514,738</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 38,434	\$ 150	\$ -	\$ 38,584	-	38,584
Payable - County Treasurer	-	54	-	54	-	54
Accrued interest on bonds	-	-	-	-	97,670	97,670
Long-term liabilities						
Due within one year	-	-	-	-	476,211	476,211
Due in more than one year	-	-	-	-	22,010,579	22,010,579
Total Liabilities	<u>38,434</u>	<u>204</u>	<u>-</u>	<u>38,638</u>	<u>22,584,460</u>	<u>22,623,098</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	922,363	1,215,330	-	2,137,693	-	2,137,693
Total Deferred Inflows of Resources	<u>922,363</u>	<u>1,215,330</u>	<u>-</u>	<u>2,137,693</u>	<u>-</u>	<u>2,137,693</u>
<b>FUND BALANCE</b>						
Nonspendable:						
Prepays	6,664	-	-	6,664	(6,664)	-
Restricted:						
Emergencies	36,300	-	-	36,300	(36,300)	-
Debt service	-	12,804	-	12,804	(12,804)	-
Capital projects	-	-	34,886	34,886	(34,886)	-
Assigned:						
Subsequent year's expenditures	247,753	-	-	247,753	(247,753)	-
Total Fund Balances	<u>290,717</u>	<u>12,804</u>	<u>34,886</u>	<u>338,407</u>	<u>(338,407)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,251,514</u>	<u>\$1,228,338</u>	<u>\$ 34,886</u>	<u>\$ 2,514,738</u>		
<b>NET POSITION</b>						
Net investment in capital assets					4,236,868	4,236,868
Restricted for:						
Emergencies					36,300	36,300
Debt service					12,804	12,804
Capital projects					34,886	34,886
Unrestricted					(18,585,642)	(18,585,642)
Total Net Position (Deficit)					<u>\$(14,264,784)</u>	<u>\$(14,264,784)</u>

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

**BOWLES METROPOLITAN DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
Accounting	\$ 11,064	\$ -	\$ -	\$ 11,064	\$ -	\$ 11,064
Audit	6,400	-	-	6,400	-	6,400
Directors' fees and payroll taxes	6,028	-	-	6,028	-	6,028
Insurance	9,320	-	-	9,320	-	9,320
Legal	15,422	-	-	15,422	-	15,422
Management fees	81,956	-	-	81,956	-	81,956
Election expense	29,680	-	-	29,680	-	29,680
Office misc	883	-	-	883	-	883
Snow removal	7,802	-	-	7,802	-	7,802
Snow removal - HOA	7,598	-	-	7,598	-	7,598
General landscape maintenance	249,224	-	-	249,224	-	249,224
Landscape maintenance-HOA	81,999	-	-	81,999	-	81,999
Open space maintenance	33,274	-	-	33,274	-	33,274
Repairs/maintenance/other	66,452	-	-	66,452	-	66,452
Repairs/maintenance-HOA	4,092	-	-	4,092	-	4,092
Special events	2,600	-	-	2,600	-	2,600
Treasurer's fees	9,475	12,484	-	21,959	-	21,959
Paying agent fee	-	150	-	150	-	150
Telephone	3,721	-	-	3,721	-	3,721
Utilities	16,573	-	-	16,573	-	16,573
Storm drainage services	1,825	-	-	1,825	-	1,825
Water pump service	4,492	-	-	4,492	-	4,492
Water annual rental	27,999	-	-	27,999	-	27,999
Water annual assessment	45,788	-	-	45,788	(8,953)	36,835
Engineering (water)	22,710	-	-	22,710	-	22,710
Refunding evaluation costs	1,850	-	-	1,850	-	1,850
Water shares	-	-	137,582	137,582	(137,582)	-
Capital outlay	-	-	45,324	45,324	(45,324)	-
Bond principal	-	430,000	-	430,000	(430,000)	-
Bond interest expense	-	1,188,390	-	1,188,390	17,698	1,206,088
Bond insurance	-	-	-	-	21,849	21,849
Depreciation	-	-	-	-	67,543	67,543
<b>Total Expenditures</b>	<u>748,227</u>	<u>1,631,024</u>	<u>182,906</u>	<u>2,562,157</u>	<u>(514,769)</u>	<u>2,047,388</u>
<b>PROGRAM REVENUES</b>						
Conservation Trust proceeds	18,738	-	-	18,738	-	18,738
HOA Contribution/Water/Landscape	123,528	-	-	123,528	-	123,528
Sub HOA Contribution/Irrigation	6,445	-	-	6,445	-	6,445
<b>Total Program Revenues</b>	<u>148,711</u>	<u>-</u>	<u>-</u>	<u>148,711</u>	<u>-</u>	<u>148,711</u>
Net Program Income (Expense)	<u>(599,516)</u>	<u>(1,631,024)</u>	<u>(182,906)</u>	<u>(2,413,446)</u>	<u>514,769</u>	<u>(1,898,677)</u>
<b>GENERAL REVENUES</b>						
Property taxes	909,584	1,198,491	-	2,108,075	-	2,108,075
Specific ownership taxes	145,387	-	-	145,387	-	145,387
Interest and other income	4,076	406	-	4,482	-	4,482
<b>Total General Revenues</b>	<u>1,059,047</u>	<u>1,198,897</u>	<u>-</u>	<u>2,257,944</u>	<u>-</u>	<u>2,257,944</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>459,531</u>	<u>(432,127)</u>	<u>(182,906)</u>	<u>(155,502)</u>	<u>514,769</u>	<u>359,267</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in/(out)	<u>(657,000)</u>	<u>440,000</u>	<u>217,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(657,000)</u>	<u>440,000</u>	<u>217,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(197,469)</u>	<u>7,873</u>	<u>34,094</u>	<u>(155,502)</u>	<u>155,502</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>					<u>359,267</u>	<u>359,267</u>
<b>FUND BALANCE/NET POSITION</b>						
<b>BEGINNING OF YEAR - RESTATED</b>	<u>488,186</u>	<u>4,931</u>	<u>792</u>	<u>493,909</u>	<u>(15,117,960)</u>	<u>(14,624,051)</u>
<b>END OF YEAR</b>	<u>\$ 290,717</u>	<u>\$ 12,804</u>	<u>\$ 34,886</u>	<u>\$ 338,407</u>	<u>\$ (14,603,191)</u>	<u>\$ (14,264,784)</u>

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

## BOWLES METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2012

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 912,074	\$ 909,584	\$ (2,490)
Specific ownership taxes	147,969	145,387	(2,582)
Conservation Trust proceeds	20,000	18,738	(1,262)
HOA Contribution/Water/Landscape	120,000	123,528	3,528
Sub HOA Contribution/Irrigation	5,000	6,445	1,445
Interest and other income	7,198	4,076	(3,122)
Total Revenues	1,212,241	1,207,758	(4,483)
<b>EXPENDITURES</b>			
Accounting	10,600	11,064	(464)
Audit	6,400	6,400	-
Directors' fees and payroll taxes	7,000	6,028	972
Insurance	9,000	9,320	(320)
Legal	20,000	15,422	4,578
Management fees	78,000	81,956	(3,956)
Election expense	18,000	29,680	(11,680)
Office misc	12,000	883	11,117
Snow removal	25,000	7,802	17,198
Snow removal-HOA	-	7,598	(7,598)
General landscape maintenance	245,000	249,224	(4,224)
Landscape maintenance-HOA	92,000	81,999	10,001
Open space maintenance	62,000	33,274	28,726
Repairs/maintenance/other	75,000	66,452	8,548
Repairs/maintenance-HOA	8,000	4,092	3,908
Special events	3,000	2,600	400
Treasurer's fees	13,682	9,475	4,207
Telephone	3,500	3,721	(221)
Utilities	28,000	16,573	11,427
Storm drainage services	27,000	1,825	25,175
Water pump service	20,000	4,492	15,508
Water annual rental	50,000	27,999	22,001
Water annual assessment	55,000	45,788	9,212
Engineering (water)	5,000	22,710	(17,710)
Refunding evaluation costs	-	1,850	(1,850)
Contingency	172,382	-	172,382
Emergency reserve	26,195	-	26,195
Total Expenditures	1,071,759	748,227	323,532
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>140,482</b>	<b>459,531</b>	<b>319,049</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in/(out)	(657,000)	(657,000)	-
Total Other Financing Sources (Uses)	(657,000)	(657,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(516,518)	(197,469)	319,049
<b>FUND BALANCE - BEGINNING OF YEAR</b>	516,518	488,186	(28,332)
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ 290,717	\$ 290,717

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

## BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was organized in 1987, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide for the construction of water and sewer facilities, including storm drainage, streets and associated improvements, safety facilities, park and open space facilities and mosquito control. The District is responsible for the maintenance for certain parks and open space. All other facilities constructed by the District are conveyed to other governmental entities for perpetual maintenance. Other streetscape maintenance is to be performed by Grant Ranch Master Homeowners Association, Inc. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District has no component units as defined by the GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

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

The District is not financially accountable for any other organization.



## BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

### Recently Issued and Adopted Accounting Pronouncements

In May 2009, the GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 required the use of new fund balance classifications and clarifies existing governmental fund type definitions. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. The District adopted GASB 54 in fiscal year 2011.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components, which are, assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The District adopted GASB Statement 63 in fiscal year 2012.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statements also limits the use of the term deferred to items reported as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 although the District elected to early implement GASB Statement 65 in fiscal year 2012.

### Recently Issued Accounting Pronouncements

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012. The District has not adopted Statement 61.

# BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

## Basis of Presentation

For financial statements presented per GASB Statement No. 34 – Special Purpose Governments:.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

## Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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

## **BOWLES METROPOLITAN DISTRICT**

Notes to Financial Statements  
December 31, 2012

Property taxes associated with the current fiscal period are 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.

The District reports the following major governmental funds:

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the statements of net assets.

### Budgetary Accounting

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

### Assets, Liabilities and Net Position

#### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2012, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

### Deposits and Investments

Investments for the government are reported at fair value.

## BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

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

### Estimates

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

### Deferred Outflows/Inflows of Resources

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

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

### Long-Term Obligations

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

### Original Issue Premium and Prepaid Debt Insurance

Original Issue Premium and Prepaid Debt Insurance from the Series 2003 Bonds is being amortized over the term of the bonds using the interest method. Accumulated amortization amounted to \$157,779 and \$209,733 respectively at December 31, 2012.

### Deferred Costs on Bond Refunding

Deferred costs on bond refunding from the Series 2003 Bonds are being amortized over the respective terms of the defeased bonds using the interest method. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources. The accumulated amortization amounted to \$319,476 at December 31, 2012.

# BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

## Capital Assets

Capital assets, which include land, landscape & signage, park improvements and irrigation systems, are reported in the applicable governmental activities columns 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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Park improvements	10-30 years
Irrigation improvements	15-30 years

## Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

## **BOWLES METROPOLITAN DISTRICT**

Notes to Financial Statements  
December 31, 2012

### Fund Equity

Beginning with fiscal year ending December 31, 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$6,664 represents prepaid expenditures.

### Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$ 36,300 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$ 12,804 is restricted for the payment of the debt service costs associated with the outstanding bonds (see Note 4).

The restricted fund balance in the Capital Projects fund in the amount of \$34,886 is restricted for the payment of the costs for capital improvements within the District.

### Assigned Fund Balance

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

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2013.

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

# BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

## Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

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

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

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

Due to the implementation of GASB 65, the following discloses the restatement of net position as of the beginning of the fiscal year:

Net Assets (Position), beginning of year, as previously stated:	\$(14,359,229)
Decrease due to the change in accounting for bond issuance costs	<u>( 264,822)</u>
Net Position, beginning of year, as restated	<u><u>\$(14,624,051)</u></u>

## Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 346,442
Cash and investments – Restricted	<u>13,008</u>
Total	<u><u>\$ 359,450</u></u>

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

Deposits with financial institutions	\$ 320,063
Investments - COLOTRUST	<u>39,387</u>
	<u><u>\$ 359,450</u></u>

## **BOWLES METROPOLITAN DISTRICT**

Notes to Financial Statements  
December 31, 2012

### Deposits

#### Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

### Investments

#### Credit Risk

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

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2012, the District had \$ 39,387 invested in COLOTRUST.

#### Custodial and Concentration of Credit Risk

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



**BOWLES METROPOLITAN DISTRICT**

Notes to Financial Statements  
December 31, 2012

Interest Rate Risk

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

As of December 31, 2012, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST	Weighted average Under 60 days	<u>\$ 39,387</u>

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2012 follows:

	<u>Balance</u> <u>1/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2012</u>
<u>Governmental Type Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Land easements and water rights	\$ 269,543	\$ -	\$ -	\$ 269,543
Landscaping	<u>4,636,167</u>	<u>-</u>	<u>-</u>	<u>4,636,167</u>
Total capital assets not being depreciated:	<u>4,905,710</u>	<u>-</u>	<u>-</u>	<u>4,905,710</u>
<u>Capital assets being depreciated:</u>				
Park improvements	832,047	45,324	-	877,371
Irrigation systems	<u>724,829</u>	<u>-</u>	<u>-</u>	<u>724,829</u>
Total capital assets, being depreciated:	1,556,876	45,324	-	1,602,200
Less accumulated depreciation for:				
Park improvements	257,211	42,036	-	299,247
Irrigation systems	<u>303,422</u>	<u>25,508</u>	<u>-</u>	<u>328,930</u>
Total accumulated depreciation	<u>560,633</u>	<u>67,543</u>	<u>-</u>	<u>628,176</u>
Net capital assets being depreciated:	<u>996,243</u>	<u>(22,219)</u>	<u>-</u>	<u>974,024</u>
Government type assets, net	<u>\$ 5,901,953</u>	<u>\$ (22,219)</u>	<u>\$ -</u>	<u>\$ 5,879,734</u>

## BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2012, is as follows:

\$25,330,000 General Obligation Refunding Bonds, Series 2003

The District issued \$25,330,000 of General Obligation Refunding Bonds, Series 2003, dated September 1, 2003. The bonds bear interest at rates which vary from 2.00% to 5.00%. The bonds consist of serial bonds issued in the amount of \$3,520,000 due annually through 2013 and term bonds issued in the original amount of \$2,940,000 due December 1, 2018, 4,300,000 due December 1, 2023, \$6,125,000 due December 1, 2028 and \$8,445,000 due December 1, 2033.

All bonds maturing on or before December 1, 2013 are not subject to redemption prior to their maturities. Bonds maturing on or after December 1, 2014 are subject to redemption prior to their maturities at the option of the District, on December 1, 2013 and on any date thereafter. Term bonds maturing are subject to mandatory sinking fund redemption beginning five years from the date of maturity. The bonds' principal and interest are insured as to repayment by Financial Security Assurance, Inc.

The following is an analysis of changes in long-term debt for the period ending December 31, 2012:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012	Current Portion
General Obligation Bonds - Series 2003	\$ 22,700,000	\$ -	\$ 430,000	\$ 22,270,000	\$ 460,000
Total long-term debt	22,700,000	-	430,000	22,270,000	460,000
Plus bond premium	233,227	-	16,437	216,790	16,211
Less current portion	(446,437)	-	29,774	(476,211)	-
	<u>\$ 22,486,790</u>	<u>\$ -</u>	<u>\$ 476,211</u>	<u>\$ 22,010,579</u>	<u>\$ 476,211</u>

# BOWLES METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2012

The following is a summary of the annual long-term debt principal and interest requirements.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 460,000	\$ 1,172,050	\$ 1,632,050
2014	495,000	1,153,650	1,648,650
2015	540,000	1,127,044	1,667,044
2016	585,000	1,098,018	1,683,018
2017	635,000	1,066,575	1,701,575
2018-2022	3,995,000	4,758,369	8,753,369
2023-2027	5,720,000	3,481,850	9,201,850
2028-2032	7,945,000	1,721,725	9,666,725
2033	<u>1,895,000</u>	<u>94,750</u>	<u>1,989,750</u>
	<u>\$ 22,270,000</u>	<u>\$ 15,674,031</u>	<u>\$ 37,944,031</u>

### Debt Authorization

As of December 31, 2012, the District has \$10,945,000 in remaining authorized but unissued debt. In the future, the District may issue a portion or all of the remaining authorized but unissued debt.

### Note 5: Agreements

#### Grant Water and Sanitation District

The District has an intergovernmental agreement (“IGA”) dated April 14, 1994, with Grant Water and Sanitation District (“Grant”) which provides for the sharing of costs of certain sized water and sewer lines as well as under drains and storm drainage facilities. The District is located wholly within the service area boundaries of Grant. Pursuant to an amendment to the IGA dated April 14, 1997, Grant and the District clarified the improvements to be constructed by each party and agreed that each party will construct its improvements at its sole cost and expense.

#### Irrigation Agreements

The District entered into an agreement in 1997 with Grant Ranch Master Homeowners Association, Inc. (“Association”). The District has agreed to provide irrigation water for certain sites and common elements within the Association. The Association agreed to make payments to the District for water used at the then-current rate of the Denver Water Board for Master Meter Users. Irrigation income of \$30,000 was received by the District in 2012.

## **BOWLES METROPOLITAN DISTRICT**

Notes to Financial Statements  
December 31, 2012

The District has entered into irrigation agreements with Belvedere Association, Inc., Heron Shores Sub-Homeowners Association, Inc., Dorado Green Sub-Homeowners Association, Inc. and Belmont Shores Sub-Homeowners Association, Inc., collectively called the Sub Associations. The Sub Associations agree to make payments to the District for water usage equal to the Denver Water Board's Master Meter Rate. Irrigation income of \$ 6,445 was received by the District in 2012 under the agreements.

### Maintenance Agreement

On December 11, 2001, the District entered into a maintenance agreement with the Grant Ranch Master Homeowners Association, Inc. ("Association"). The District is to coordinate, administer and perform certain maintenance operations and snow removal for the Association. The amount paid by the District in 2012 for maintenance and snow removal was reimbursed by the Association.

### Storm Water Agreement

The District has entered into an agreement with the Town of Bow Mar, Bow Mar Owners, Inc., Lower Bowles Company, The Joseph W. Bowles Reservoir Company and RSRF Ranch Company, LLC. The agreement allows the District to discharge storm water onto property of the Town of Bow Mar and Bow Mar Owners, Inc., and ultimately in reservoirs owned by the Lower Bowles Company and The Joseph W. Bowles Reservoir Company. The District is responsible for the maintenance and operation of the storm water discharge system and associated storm water quality and quantity. If the quality of the storm water discharging from the water quality control facility fails to meet defined performance standards, the District is obligated to take corrective action and may be liable for damages. Due to changing water quality standards, the District's costs of operations of these facilities could increase substantially in future years.

### Capital Stock

At December 31, 2012, the District owned 62 shares of capital stock ("shares") in The Joseph W. Bowles Reservoir Company (Company). During 2005, the District purchased 5 of these shares of stock under a water-lease purchase agreement dated July 26, 2002. At December 31, 2012, there are no remaining purchase options under the agreement. The District's interest includes beneficial rights, title and interest in all water, water rights, reservoirs, reservoir rights, storage, storage rights and all other rights represented by the shares.

The District pays operating and capital assessments as determined necessary by the Company based on the shares owned at the time of the assessments. During 2012, the District paid operating and capital assessments to the Company in the amounts of \$25,080 and \$6,270 respectively.

## BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

### Water Lease

In 1997, the District entered into a water lease agreement with Grant Properties I, Ltd (“GPI”) to lease 35 shares of water in The Joseph W. Bowles Reservoir Company. The lease agreement provides for the leasing of water for the District’s irrigation purposes. The agreement extends through April 2017. The District is to pay \$740 per share increasing 4% annually and compounding plus assessments per year. The District paid \$26,654 to GPI under the lease for the period from October 1, 2011 through September 30, 2012 which is approximately \$1,333 per share leased. The District has an option to purchase all or any of the shares leased from GPI anytime between March 1, 2017 and April 1, 2017, or in conjunction with a complete refunding of the District’s general obligation bonds. The option purchase price per share is \$20,000 and increases 4% annually compounding. During the year ended December 31, 2012, the District purchased 5 shares under the agreement for \$132,613. In February 2013, the District, under the Contract for Purchase of Joseph W. Bowles Reservoir Company stock, Contract dated October 18, 2010, between Grant Properties I, Ltd. and the District, purchased 5 additional shares in the Company in the amount of \$136,591.

### Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary of benefit increases.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

## BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

On May 7, 1996, the District's electors authorized the District to retain and spend all revenue derived from its infrastructure fees in 1995 and all subsequent years up to a maximum of \$4,000,000 along with any investment earnings thereon. Additionally, the electors authorized the District to retain and spend all revenue derived from its ad valorem property tax mill levy including specific ownership tax revenue and any investment earnings thereon in 1996 and all subsequent years without limitations under TABOR and any spending limitations that might otherwise apply.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District is a member of the Colorado Special District's Property and Liability pool as of December 31, 2012. The Colorado Special Districts Property and Liability Pool (the "Pool") is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

Note 8: Interfund and Operating Transfers

The transfer of \$217,000 from the General Fund to Capital Fund was transferred for the purpose of assisting with the costs of the purchase of water rights and curb and gutter maintenance. The transfer of \$440,000 from the General Fund to the Debt Service fund was transferred to assist the in the repayment of principal and interest on the general obligation bonds.

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds;

## BOWLES METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2012

- 2) The long-term liabilities such as bonds payable and accrued bond interest payable, are not due and payable in the current period and, therefore, are not in the funds;
- 3) capital stock purchases and ongoing capital assessments are not financial resources and, therefore are not reported in the funds.

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

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the statement of activities;
- 3) governmental funds report bond principal payments as expenditures, however, in the government-wide financial statements, these are reported as changes in long-term bonds payable;
- 4) governmental funds report bond premiums as income, however, in the statement of activities, the bond premium is amortized over the term of the related debt; and,
- 5) governmental funds report capital stock purchases and assessments as expenditures, however, in the government-wide financial statements, these costs are not reflected on the statement of activities and are recorded as assets on the statement of net assets.

## SUPPLEMENTAL INFORMATION



## BOWLES METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2012

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 1,201,772	\$ 1,198,491	\$ (3,281)
Interest and other income	<u>1,005</u>	<u>406</u>	<u>(599)</u>
Total Revenues	<u>1,202,777</u>	<u>1,198,897</u>	<u>(3,880)</u>
<b>EXPENDITURES</b>			
Bond principal	430,000	430,000	-
Bond interest expense	1,188,390	1,188,390	-
Paying agent fee	5,000	150	4,850
Treasurer's fees	<u>18,027</u>	<u>12,484</u>	<u>5,543</u>
Total Expenditures	<u>1,641,417</u>	<u>1,631,024</u>	<u>10,393</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(438,640)</u>	<u>(432,127)</u>	<u>6,513</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in/(out)	<u>440,000</u>	<u>440,000</u>	<u>-</u>
Total Other Financing Sources	<u>440,000</u>	<u>440,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,360	7,873	6,513
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,425</u>	<u>4,931</u>	<u>2,506</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,785</u>	<u>\$ 12,804</u>	<u>\$ 9,019</u>

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

## BOWLES METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2012

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Water shares	140,000	137,582	2,418
Park improvements/misc	80,000	45,324	34,676
Contingency	<u>1,667</u>	<u>-</u>	<u>1,667</u>
Total Expenditures	<u>221,667</u>	<u>182,906</u>	<u>38,761</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(221,667)</u>	<u>(182,906)</u>	<u>38,761</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in/(out)	<u>217,000</u>	<u>217,000</u>	<u>-</u>
Total Other Financing Sources	<u>217,000</u>	<u>217,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,667)	34,094	38,761
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>4,667</u>	<u>792</u>	<u>(3,875)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 34,886</u>	<u>\$ 34,886</u>

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

## BOWLES METROPOLITAN DISTRICT

### SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2012

<u>Year Ended December 31,</u>	<b>Prior Year Assessed Valuation for Current Year Property Tax Levy</b>	<u>Mills Levied</u>	<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2005	\$ 47,240,700	40.000	\$ 1,889,628	\$ 1,889,664	100.00%
2006	\$ 48,245,040	40.000	\$ 1,929,800	\$ 1,938,800	100.47%
2007	\$ 49,827,590	40.000	\$ 1,993,104	\$ 1,992,956	99.99%
2008	\$ 52,617,120	40.000	\$ 2,104,685	\$ 2,086,521	99.14%
2009	\$ 52,298,570	40.000	\$ 2,091,943	\$ 2,091,421	99.98%
2010	\$ 53,415,880	40.000	\$ 2,136,635	\$ 2,136,759	100.01%
2011	\$ 53,389,840	40.000	\$ 2,135,596	\$ 2,134,261	99.94%
2012	\$ 50,329,667	42.000	\$ 2,113,848	\$ 2,108,075	99.73%
Estimated for					
year ending					
December 31,					
2013	\$ 50,897,449	42.000	\$ 2,137,693		

**NOTE**

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

# BOWLES METROPOLITAN DISTRICT

## SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2012

### \$25,330,000 General Obligation Refunding Bonds

#### Series 2003

#### Interest Rates from 2.00% to 5.00%

#### Interest Payable June 1 and December 1

#### Principal Due December 1

<b>Year Ended</b>			
<b><u>December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2013	\$ 460,000	\$ 1,172,050	\$ 1,632,050
2014	495,000	1,153,650	1,648,650
2015	540,000	1,127,044	1,667,044
2016	585,000	1,098,018	1,683,018
2017	635,000	1,066,575	1,701,575
2018	685,000	1,032,444	1,717,444
2019	740,000	995,625	1,735,625
2020	795,000	954,925	1,749,925
2021	855,000	911,200	1,766,200
2022	920,000	864,175	1,784,175
2023	990,000	813,575	1,803,575
2024	1,065,000	759,125	1,824,125
2025	1,140,000	700,550	1,840,550
2026	1,220,000	637,850	1,857,850
2027	1,305,000	570,750	1,875,750
2028	1,395,000	498,975	1,893,975
2029	1,490,000	422,250	1,912,250
2030	1,585,000	347,750	1,932,750
2031	1,685,000	268,500	1,953,500
2032	1,790,000	184,250	1,974,250
2033	<u>1,895,000</u>	<u>94,750</u>	<u>1,989,750</u>
	<u>\$22,270,000</u>	<u>\$15,674,031</u>	<u>\$37,944,031</u>

**TABLE 1**  
**BOWLES METROPOLITAN DISTRICT**  
**ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT**  
**Year ended December 31, 2012**

Overlapping Entity	2012 Assessed Valuation	Outstanding General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties Within the District	
			Percent	Amount
a. City and County of Denver	\$ 10,757,438,400	\$ 941,484,000 *	0.24%	2,259,562
b. City and County of Denver School District No. 1	10,007,267,892	1,014,175,000 *	0.26%	2,636,855
c. Jefferson County School District R-1	6,987,049,103	471,878,553	0.36%	1,698,763
d. West Metro Fire Protection District	2,891,689,140	36,960,000	0.38%	140,448
				6,735,628

Balance of General Obligation Debt as of December 31, 2011

**TABLE 2**  
**BOWLES METROPOLITAN DISTRICT**  
**TEN LARGEST TAXPAYERS WITHIN THE DISTRICT**  
**Year Ended December 31, 2012**

Name/Business (Jefferson County)	<u>Assessed Valuat</u>	<u>% of 2012 Total District Assessed Valuation (1)</u>
CUSA Community Center	4,301,241	8.45%
Hollander Family, LLC	345,883	0.68%
Individual property owner	213,710	0.42%
Individual property owner	153,018	0.30%
Individual property owner	138,883	0.27%
Individual property owner	114,953	0.23%
Individual property owner	103,188	0.20%
Individual property owner	100,052	0.20%
Individual property owner	93,000	0.18%
	<u>\$ 5,563,928</u>	<u>10.93%</u>
Denver County		
Individual property owner	\$ 82,270	0.16%
	<u>\$ 82,270</u>	<u>0.16%</u>

(1) Based on 2012 certified assessed valuation of the District \$ 50,897,449

**TABLE 3**  
**BOWLES METROPOLITAN DISTRICT**  
**TAX LEVIES APPLICABLE TO TYPICAL PROPERTIES**  
**LOCATED IN THE DISTRICT**  
**Year ended December 31, 2012**

**FOR PROPERTIES IN DENVER**

Bowles Metropolitan District	42.000
City and County of Denver School District No. 1	50.488
City and County of Denver	32.926
Urban Drainage and Flood Control District	0.657
Grant Water and Sanitation District	0.000
	126.071
	126.071

**FOR PROPERTIES IN LAKEWOOD**

Bowles Metropolitan District	42.000
Jefferson County School District No. R-1	50.616
Jefferson County	24.346
West Metro Fire District	13.739
Urban Drainage and Flood Control District	0.599
Urban Drainage and Flood Control District - South Platte	0.058
Grant Water and Sanitation District	0.000
City of Lakewood	4.711
	136.069
	136.069

**FOR PROPERTIES IN UNINCORPORATED JEFFERSON COUNTY**

Bowles Metropolitan District	42.000
Jefferson County School District No. R-1	50.616
Jefferson County	24.346
Jefferson County Law Enforcement Authority	3.200
Littleton Fire Protection District	7.678
Urban Drainage and Flood Control District	0.599
Urban Drainage and Flood Control District - South Platte	0.058
Grant Water and Sanitation District	0.000
	128.497
	128.497

**TABLE 4**  
**BOWLES METROPOLITAN DISTRICT**  
**ASSESSED VALUATION OF CLASSES OF**  
**PROPERTY IN THE DISTRICT**  
**Year ended December 31, 2012**

<u>Class</u>	<u>Unincorporated</u>			<u>Total</u>	<u>% of Total Assessed Valuation</u>
	<u>Denver County (1)</u>	<u>Jefferson County</u>	<u>City of Lakewood</u>		
Residential	\$ 23,695,410	\$ 13,256,455	\$ 10,741,966	\$ 47,693,831	96.43%
Commercial	-	255,155	206,757	461,912	0.93%
Vacant	-	-	-	-	0.00%
Public Utilities (State Assessed)	895,900	223,931	181,455	1,301,286	2.63%
Industrial	-	-	-	-	0.00%
Agricultural	-	-	-	-	0.00%
Natural Resources	-	-	-	-	0.00%
Personal Property	-	-	-	-	0.00%
Total	<u>\$ 24,591,310</u>	<u>\$ 13,735,541</u>	<u>\$ 11,130,178</u>	<u>\$ 49,457,029</u>	<u>100.00%</u>

(1) Based upon preliminary 2013 assessed values. Personal property assessed valuation was not available. However, as there is no Commercial real property assessed valuation in this county, personal property assessed valuations believed to be immaterial.