



Financial Statements

December 31, 2012

CORDILLERA METROPOLITAN DISTRICT

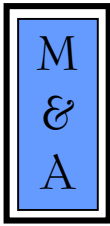
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Cordillera Metropolitan District

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

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, each major fund, and the aggregate remaining fund information of the Cordillera Metropolitan District as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

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Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison 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 statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 individual fund budgetary comparisons and historical property tax schedules and debt service schedules found in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparisons and debt service schedules found in Section F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The historical property tax schedules have 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 them.

**McMahan and Associates, L.L.C.
May 20, 2013**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cordillera Metropolitan District

Management's Discussion and Analysis

December 31, 2012

As management of Cordillera Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statement, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, public safety, recreation, and public works.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the governmental-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The Governmental fund financial statements can be found on pages C4 and C7 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Government-wide Financial Analysis

The following tables show condensed financial information derived from the government-wide financial statements for the years ended December 31, 2012.

**Cordillera Metropolitan District Net Assets
Governmental Activities**

	2012	2011
Assets:		
Current and other assets	9,519,204	12,305,920
Capital assets	20,276,322	21,410,733
Total Assets	29,795,526	33,716,653
Liabilities:		
Other liabilities	3,197,302	3,386,097
Long-term liabilities	19,845,000	25,731,802
Total Liabilities	23,042,302	29,117,899
Deferred Inflows of Resources:		
Unavailable property tax revenue	5,854,709	6,227,175
Total Deferred Inflows of Resources	5,854,709	6,227,175

Continued on Next Page

**Cordillera Metropolitan District Net Assets
Governmental Activities**

Net Assets:

Net investment in capital assets	(1,742,798)	(7,477,686)
Restricted for emergencies	239,319	234,426
Restricted for debt service	179,199	2,886,547
Unrestricted	2,222,795	2,728,292
Total Net Assets	<u>898,515</u>	<u>(1,628,421)</u>

<u>2012</u>	<u>2011</u>
-------------	-------------

Revenues:

Program Revenues:

Charges for services	1,387,493	1,354,675
Grants and contributions	18,013	284,687

General Revenues:

Property taxes	6,166,336	5,841,196
Other taxes	235,322	198,957
Interest and other revenues	1,741,264	745,327
Total Revenues	<u>9,548,428</u>	<u>8,424,842</u>

Expenses:

General government	1,647,294	1,665,638
Public works	2,579,222	2,613,272
Public safety	918,674	796,466
Design review board	7,204	7,552
Equestrian center	463,440	456,378
Recreation	13,213	38,763
Loan issuance costs	155,300	921,617
Interest on long-term debt	1,237,145	1,542,371
Total Expenses	<u>7,021,492</u>	<u>8,042,057</u>

Change in Net Assets	2,526,936	382,785
Net Assets - Beginning	<u>(1,628,421)</u>	<u>(2,011,206)</u>
Net Assets - Ending	<u>898,515</u>	<u>(1,628,421)</u>

Government-wide Financial Analysis (Continued)

The District's overall financial position, as measured by net assets, increased from (\$1,628,421) at the end of 2011 to \$898,515 at the end of 2012. The District's negative net asset balance in 2011 is due to the fact that much of the debt issued by the District to finance the construction of the water assets remained outstanding at December 31, 2011 while the net book value of the assets were contributed to other governments and are no longer reported by the District.

Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Financial Analysis of the District's Funds

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,945,434 a decrease of \$2,380,014 from the prior year ending fund balances. The substantial decrease in fund balance was primarily due to the reduction in the 2002 bond fund of \$2,534,793 to pay down principal on outstanding debt. Of the District's ending fund balance, \$239,319 is **reserved**, meaning it is not available for new spending because it has already been committed for emergencies under Taxpayers' Bill Of Rights (TABOR). Also, \$179,199 is reserved for debt service payments. The remainder of the combined fund balance is an **unreserved fund balance**, which is available for spending at the District's discretion.

Budget Variances – The General Fund actual revenues were under the final budget by \$15,177 on an original budget of \$4.1 million and actual expenditures were 96% of the final budget. The District's other funds showed favorable and unfavorable variances compared to budget. Details can be seen in section E and F, of this report.

Capital Assets – The District invested approximately \$566,576 in capital asset additions during 2012, the majority of which was invested in improvements and additions to the District's infrastructure.

Long-term Debt – in 2012, the District decreased its outstanding long-term debt balance \$5,947,682 bringing the ending balance to \$22,019,120. Additional information pertaining to the District's long-term debt can be found in the Notes to the Financial Statement on pages D13 to D16 of this report and in the schedules of debt service requirements to maturity on pages F7 to F9.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Cordillera Metropolitan District, Attn: Finance Office, 408 Carterville Road, Cordillera, Colorado, 81632 or you may call 970/926-1923.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Cordillera Metropolitan District
Statement of Net Position
December 31, 2012**

	Governmental Activities
Assets:	
Cash	2,007,331
Investments	1,075,612
Accounts receivable:	
Property tax	5,854,709
Other governments	234,452
CPOA	168,553
Other	125,643
Prepaid expenses	52,904
Capital assets, net	<u>20,276,322</u>
Total Assets	<u>29,795,526</u>
 Liabilities:	
Accounts payable and accrued liabilities	105,357
Accrued liabilities	34,600
Deposits held	406,284
Accrued compensated absences	159,508
Accrued interest payable	73,039
Bond issue premium, net	244,394
Non-current liabilities due within one year:	
Loan payable	315,000
Bonds payable	1,859,120
Non-current liabilities due in excess of one year:	
Loan payable	6,185,000
Bonds payable	<u>13,660,000</u>
Total Liabilities	<u>23,042,302</u>
 Deferred Inflows of Resources:	
Unavailable property tax revenue	<u>5,854,709</u>
Total Deferred Inflows of Resources	<u>5,854,709</u>
 Net Position:	
Net investment in capital assets	(1,742,798)
Restricted for emergencies	239,319
Restricted for debt service	179,199
Unrestricted	<u>2,222,795</u>
Total Net Position	<u>898,515</u>

The accompanying notes are an integral part of these financial statements.

**Cordillera Metropolitan District
Statement of Activities
For the Year Ended December 31, 2012**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	1,647,294	402,746	-	-	(1,244,548)
Public works	2,590,858	262,290	-	16,442	(2,312,126)
Public safety	918,674	262,062	-	-	(656,612)
Design Review Board	7,204	30,200	-	-	22,996
Equestrian center	494,130	472,521	-	-	(21,609)
Recreation	13,213	-	-	1,571	(11,642)
Loan issuance costs	155,300	-	-	-	(155,300)
Interest on long-term debt	1,237,145	-	-	-	(1,237,145)
Total governmental activities	<u>7,063,818</u>	<u>1,429,819</u>	<u>-</u>	<u>18,013</u>	<u>(5,615,986)</u>
General revenues:					
Taxes:					
Property tax, levied for general purposes					3,020,319
Property tax, levied for debt service					3,146,017
Specific ownership tax					235,322
Investment earnings					66,228
Contributions from CPOA					1,625,000
Miscellaneous income					50,036
Total general revenues					<u>8,142,922</u>
Change in Net Position					<u>2,526,936</u>
Net Position - Beginning (Restated)					<u>(1,628,421)</u>
Net Position - Ending					<u><u>898,515</u></u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**Cordillera Metropolitan District
Balance Sheets
Governmental Funds
December 31, 2012**

	Special Revenue		Debt Service			Capital Projects		Total
	General	Equestrian	CMD	CMMD	2002 Bonds	Water	Other	
Assets:								
Cash and cash equivalents	2,007,331	-	-	-	-	-	-	2,007,331
Investments	1,062,300	-	-	-	-	-	-	1,062,300
Accounts receivable	125,643	-	-	-	-	-	-	125,643
Due from CPOA	168,553	-	-	-	-	-	-	168,553
Due from Eagle County Treasurer	105,020	-	56,843	72,589	-	-	-	234,452
Property tax receivable	3,049,362	-	1,786,335	1,019,012	-	-	-	5,854,709
Prepaid expenses	52,904	-	-	-	-	-	-	52,904
Due (to) from other funds	(1,322,922)	117,653	58,642	(44,060)	35,185	1,073,542	81,960	-
Total Assets	<u>5,248,191</u>	<u>117,653</u>	<u>1,901,820</u>	<u>1,047,541</u>	<u>35,185</u>	<u>1,073,542</u>	<u>81,960</u>	<u>9,505,892</u>
Liabilities:								
Accounts payable	105,357	-	-	-	-	-	-	105,357
Accrued liabilities	34,600	-	-	-	-	-	-	34,600
Deposits held	406,284	-	-	-	-	-	-	406,284
Accrued compensated absences	159,508	-	-	-	-	-	-	159,508
Total Liabilities	<u>705,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>705,749</u>
Deferred Inflows of Resources:								
Unavailable property tax revenue	3,049,362	-	1,786,335	1,019,012	-	-	-	5,854,709
Total Deferred Inflows of Resources	<u>3,049,362</u>	<u>-</u>	<u>1,786,335</u>	<u>1,019,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,854,709</u>
Fund Balance:								
Nonspendable	52,904	-	-	-	-	-	-	52,904
Restricted for:								
TABOR emergency reserve	239,319	-	-	-	-	-	-	239,319
Debt service	-	-	115,485	28,529	35,185	-	-	179,199
Committed to:								
Equestrian Center	-	117,653	-	-	-	-	-	117,653
Assigned to:								
Water rights and projects	-	-	-	-	-	1,073,542	-	1,073,542
Deposits	406,284	-	-	-	-	-	-	406,284
Other projects	-	-	-	-	-	-	81,960	81,960
Unassigned	794,573	-	-	-	-	-	-	794,573
Total Fund Balance	<u>1,493,080</u>	<u>117,653</u>	<u>115,485</u>	<u>28,529</u>	<u>35,185</u>	<u>1,073,542</u>	<u>81,960</u>	<u>2,945,434</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>5,248,191</u>	<u>117,653</u>	<u>1,901,820</u>	<u>1,047,541</u>	<u>35,185</u>	<u>1,073,542</u>	<u>81,960</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

20,276,322

Market value of investments in excess of cost is not available to pay for current period expenditures and therefore, is not recognized in the funds

13,312

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

(22,336,553)

Net Position of Governmental Activities

898,515

The accompanying notes are an integral part of these financial statements.

Cordillera Metropolitan District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue		Debt Service			Capital Projects		Total
	General	Equestrian	CMD	CMMD	2002 Bonds	Water	Other	
Revenues:								
Taxes	3,255,641	-	2,082,237	1,063,780	-	-	-	6,401,658
Charges for services	771,395	411,015	-	-	-	247,409	-	1,429,819
Tap fees	-	-	16,442	-	-	-	-	16,442
Other revenue	59,872	3,711	11,749	9,400	24,814	-	19,845	129,391
Total Revenues	4,086,908	414,726	2,110,428	1,073,180	24,814	247,409	19,845	7,977,310
Expenditures:								
General and administration	1,478,772	-	62,821	32,588	-	-	-	1,574,181
Public safety	787,777	-	-	-	-	-	-	787,777
Public works	1,164,976	-	-	-	-	-	-	1,164,976
Equestrian Center	2,693	406,440	-	-	-	-	-	409,133
Design Review Board	7,204	-	-	-	-	-	-	7,204
Recreation	13,213	-	-	-	-	-	-	13,213
Debt Service:								
Interest	-	-	876,976	463,085	-	-	-	1,340,061
Principal	-	-	1,615,000	1,440,000	-	-	-	3,055,000
Capital outlay	-	-	-	-	-	13,244	567,235	580,479
Total Expenditures	3,454,635	406,440	2,554,797	1,935,673	-	13,244	567,235	8,932,024
Excess (Deficiency) of Revenues Over Expenditures	632,273	8,286	(444,369)	(862,493)	24,814	234,165	(547,390)	(954,714)
Other Financing Sources (Uses):								
Refunding proceeds	-	-	6,500,000	-	-	-	-	6,500,000
Payment to refunding agents	-	-	(9,395,000)	-	-	-	-	(9,395,000)
Bond issuance costs	-	-	(155,300)	-	-	-	-	(155,300)
Contribution from CPOA	-	-	454,427	74,440	1,096,133	-	-	1,625,000
Transfers in (out)	(510,000)	-	2,831,704	824,036	(3,655,740)	-	510,000	-
Total Other Financing Sources (Uses)	(510,000)	-	235,831	898,476	(2,559,607)	-	510,000	(1,425,300)
Net Change in Fund Balance	122,273	8,286	(208,538)	35,983	(2,534,793)	234,165	(37,390)	(2,380,014)
Beginning Fund Balance	1,370,807	109,367	324,023	(7,454)	2,569,978	839,377	119,350	5,325,448
Ending Fund Balance	1,493,080	117,653	115,485	28,529	35,185	1,073,542	81,960	2,945,434

The accompanying notes are an integral part of these financial statements.

**Cordillera Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2012**

Net Change in Fund Balance of Governmental Funds (2,380,014)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation during the year. (1,134,410)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 6,052,916

Market value in excess of cost on certain investments will not be available to pay liabilities of the current period, and therefore is not reported in the fund statements. However, the Statement of Activities recognizes changes in market value regardless of the timing of the related cash flows. This amount is the change in market value of certificates of deposit during the year. (11,556)

Change in Net Position of Governmental Activities 2,526,936

**Cordillera Metropolitan District
Statement of Fiduciary Net Position
Wildlife Mitigation Fund
December 31, 2012**

Assets:	
Cash and cash equivalents	241,567
Total Assets	<u>241,567</u>
Net Position:	
Held in trust for wildlife mitigation purposes	241,567
Total Net Position	<u><u>241,567</u></u>

The accompanying notes are an integral part of these financial statements.

**Cordillera Metropolitan District
Statement of Changes in Fiduciary Net Position
Wildlife Mitigation Fund
December 31, 2012**

Additions:	
Interest income	<u>969</u>
Total Additions	<u>969</u>
Change in Net Position	<u>969</u>
Net Position - Beginning	<u>240,598</u>
Net Position - Ending	<u><u>241,567</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012**

I. Summary of Significant Accounting Policies

Cordillera Metropolitan District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide water, streets, safety controls, fire protection, cable television system, transportation and mosquito control within its boundaries which are located in Eagle County, Colorado. An amendment to the District's service plan in 1997 gave the District powers to provide parks and recreation facilities and services.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District is governed by an elected Board which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Fiduciary fund types are reported separately on pages C6 and C7. Both the government-wide and fund financial statements categorize primary activities as governmental.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted net position. The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Debt Service Fund - CMD* is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal, interest, and other related costs for debt issued by the District.

The *Debt Service Fund - CMMD* is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal, interest, and other related costs for debt issued by Cordillera Mountain Metropolitan District prior to the consolidation with the District.

The *Debt Service Fund – 2002 Debt Reserve* is used to account for the accumulation of financial resources contributed by Cordillera Property Owners Association to be used restrictively and exclusively for the payment of general long-term debt principal, interest, and other related costs for debt issued by Cordillera Metropolitan District and by Cordillera Mountain Metropolitan District prior to the consolidation with the District.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities.

The *Equestrian Center Special Revenue Fund* is used to account for operations and financial activity of the District's Equestrian Center.

The *Water Fund* is used to account for the contribution and capital improvements of the water system.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

2. Fund Financial Statements (continued)

Additionally, the District reports the following fiduciary fund:

The *Wildlife Mitigation Trust Fund* is used to account for resources legally held in trust for use by the District for projects related solely to mitigating impacts on wildlife within the District. All investment earnings are available to be used for such projects at the direction of the District's wildlife mitigation committee. The trust agreement requires preservation of the principal balance of approximately \$170,700.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

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

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts of \$8,955.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

4. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets.

Infrastructure and buildings are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure, buildings, and improvements	30 - 40
Water and sewer systems	20
Vehicles and equipment	5

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

5. Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (See Note III. B.).

6. Reserved Fund Balance

The governmental funds, excluding debt service, had a restricted fund balance of \$239,319 for emergencies as required under TABOR (See Note III. B.).

The CMD, CMMD and 2002 Debt Reserve Debt Service Funds have restricted fund balances for future debt service of \$115,485, \$28,529 and \$35,185 respectively. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

I. Summary of Significant Accounting Policies (continued)

7. Deferred Outflows/Inflows of Resources

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenues from property taxes. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets

The governmental fund Balance Sheet includes reconciliation between *fund balance – governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$22,336,553 difference are as follows:

Bonds payable	\$ 22,019,120
Accrued interest	73,039
Deferred bond issue premium, net	244,394
	<u>\$ 22,336,553</u>

Another element of that reconciliation explains that “Other long-term items are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of the \$13,312 difference are as follows:

Unrealized gain on investments	13,312
	<u>\$ 13,312</u>

B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The net change of \$1,134,410 in capital assets is capital outlay of \$566,576 less current year depreciation expense of \$1,700,986 during the year ended December 31, 2012.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities (continued)

Another element of that reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

The details of this \$6,052,916 difference are as follows:

Repayment of principal on bonds	\$ 12,450,000
Bond proceeds	(6,500,000)
Change in accrued interest payable	38,273
Accretion of interest coupons	(2,318)
Amortization of bond issue premium received	66,961
Total	<u><u>\$ 6,052,916</u></u>

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**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP"). The budgets for the proprietary funds are adopted on a Non-GAAP budgetary basis and are reconciled to GAAP basis if necessary.

As required by Colorado statutes, the District followed the following time table in approving and enacting a budget for the ensuing years:

- (1) For the 2012 budget year, prior to August 25, 2012, the County Assessor sent to the District the final recertified assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 2012, the District's staff submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Board.
- (4) For the 2012 budget, prior to December 15, 2012, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2012 budget, the final budget and appropriating resolution was adopted prior to December 31, 2012.
- (6) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2010 were collected in 2012 and taxes certified in 2012 will be collected in 2013. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

On November 4, 2003, the District's electors approved a ballot question which permits the District to impose a mill levy for operations, maintenance and other expenses sufficient to generate a maximum of \$2,700,000 in revenues in collection year 2004 and every year thereafter. Such taxes may increase as allowed by Sections 29-1-301 of the Colorado Revised Statutes, which generally permits annual increases of no more than 5.5%. Further, the District's operations and maintenance mill levy may be adjusted to: (i) account for changes in law or the method by which assessed valuations are calculated, and (ii) offset any property tax cut or limit which is mandated by the State constitution.

On November 4, 2008 the District's electors approved a ballot question authorizing the district to collect, retain and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, contract payments, grants or any other fee, rate, toll, penalty or charge authorized by law or contract to be imposed collected received by the district in 2008 and each fiscal year thereafter without regard to any spending, revenue-raising or other limitations imposed by TABOR or Colorado law. .

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, 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 reserved a portion of its December 31, 2012, year-end fund balance in the governmental funds for emergencies as required under TABOR in the amount of \$239,319 which is the approximate required reserve at December 31, 2012.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2012 the District’s cash deposits had a carrying balance and a bank balance as follows:

	Carrying Balance	Bank Balance
Deposits	\$ 894,347	\$ 999,668

2. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker’s acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pool

The District had \$1,699,401 on deposit with Colorado Local Government Liquid Asset Trust, (COLOTRUST); an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by COLOTRUST. COLOTRUST funds carry a Standard & Poor’s AAA investment rating. There is no custodial, interest rate or foreign currency risk exposure.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

3. Summary of Cash and Investments

A summary of the District's cash and investment book balances at December 31, 2012 is shown below.

	<u>Governmental Funds</u>	<u>Unrealized Gain on Investments</u>	<u>Statement of Net Assets</u>	<u>Fiduciary Fund</u>	<u>Total District</u>
Financial Statement Captions:					
Cash	\$ 2,007,331	-	2,007,331	241,567	2,248,898
Investments	1,062,300	13,312	1,075,612	-	1,075,612
Total	<u>\$ 3,069,631</u>	<u>13,312</u>	<u>3,082,943</u>	<u>241,567</u>	<u>3,324,510</u>
By Type:					
Certificates of deposit	\$ 345,000	13,312	358,312	-	358,312
Colostrust	1,699,401	-	1,699,401	-	1,699,401
Deposits	1,025,230	-	1,025,230	241,567	1,266,797
Total	<u>\$ 3,069,631</u>	<u>13,312</u>	<u>3,082,943</u>	<u>241,567</u>	<u>3,324,510</u>

4. Risk Factors

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

IV. Detailed Notes on All Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,285,224		-	7,285,224
Total capital assets not being depreciated	<u>7,285,224</u>	<u>-</u>	<u>-</u>	<u>7,285,224</u>
Capital assets being depreciated:				
Infrastructure	13,264,649	416,044		13,680,693
Improvements	4,247,616	38,681		4,286,297
Buildings	7,398,186			7,398,186
Vehicles and equipment	2,341,189	111,850	(281,439)	2,171,600
Total capital assets being depreciated	<u>26,856,815</u>	<u>566,576</u>	<u>(281,439)</u>	<u>27,536,777</u>
Total capital assets of governmental activities	34,142,039	566,576	(281,439)	34,822,001
Accumulated depreciation:				
Infrastructure	(6,393,150)	(898,178)		(7,291,328)
Improvements	(1,480,881)	(279,287)		(1,760,167)
Buildings	(3,266,567)	(382,475)		(3,649,042)
Vehicles and equipment	(1,985,533)	(141,046)	281,439	(1,845,140)
Total accumulated depreciation	<u>(13,126,131)</u>	<u>(1,700,986)</u>	<u>281,439</u>	<u>(14,545,677)</u>
Total governmental capital assets, net	<u>\$ 21,015,908</u>	<u>(1,134,410)</u>	<u>-</u>	<u>20,276,323</u>

Depreciation for the year ended December 31, 2012 was charged to the District's functions as follows:

Governmental Activities:	
General government	\$ 73,113
Public Works	1,411,979
Public Safety	130,897
Equestrian	84,997
Total Depreciation Expense	<u>\$ 1,700,986</u>

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

IV. Detailed Notes on All Funds (continued)

C. Long-term Debt

A summary of long-term liability activity for the year ended is as follows. Additional detailed information is available on the following pages.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
G.O. Bonds Payable	\$ 27,915,000	6,500,000	(12,415,000)	22,000,000	2,155,000
Interest Coupons (at face value)	55,000	-	(35,000)	20,000	20,000
Unaccreted Discount	(3,198)		2,318	(880)	-
	-			-	-
Total	<u>\$ 27,966,802</u>	<u>6,500,000</u>	<u>(12,447,682)</u>	<u>22,019,120</u>	<u>2,175,000</u>

1. General Obligation Bonds, Series 2002A - CMD

The District issued \$8,000,000 of general obligation bonds dated April 1, 2002, with interest rates ranging from 4.00% to 5.10%, payable on June 1 and December 1 to finance the acquisition, construction, and equipping of a public works and administration facility and fire protection facilities. The principal on the bonds is payable on December 1 and matures in various increments through 2022. Bonds maturing on or before December 1, 2012, are not subject to optional redemption. Bonds maturing on and after December 1, 2013 are subject to optional redemption at the option of the District without redemption premium upon payment of principal plus accrued interest to the redemption date. The term bonds maturing on December 1, 2012 and December 1, 2015 are subject to mandatory redemption commencing December 2012. All of the bonds outstanding were advance refunded in 2012 using the proceeds of the GO 2012 refunding series and bond reserves.

2. General Obligation Bonds, Series 2002B - CMD

The District issued \$2,000,000 of general obligation bonds dated December 9, 2002, with interest rates of 5.625%, payable on June 1 and December 1 to finance the acquisition, construction, and equipping of a public works and administration facility and fire protection facilities. The principal on the bonds is payable on December 1 and matures in various increments through 2022. The bonds are subject to redemption at the option of the District. All of the bonds outstanding were advance refunded in 2012 using the proceeds of the GO 2012 refunding series and bond reserves.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Long-term Debt (continued)

3. General Obligation Bonds, Series 2002A - CMMD

During 2002, the District issued Series 2002A General Obligation Bonds, dated April 1, 2002, in the original principal amount of \$2,000,000. The bonds consist of \$2,530,000 in serial bonds due in varying maturity through December 1, 2022 with interest at 4.125% to 6.00%. Interest is payable semiannually. Bonds maturing on and before December 1, 2012 are not subject to prior redemption. The bonds maturing on and after December 1, 2013 are subject to redemption prior to their respective maturities, at the option of the district. Principal in the amount of \$370,000 were called in December of 2012.

4. General Obligation Bonds, Series 2002B - CMMD

During 2002, the District issued Series 2002B General Obligation Bonds, dated December 15, 2002, in the original principal amount of \$500,000. The bonds consist of \$500,000 of term bonds, due December 1, 2022, with interest at 6.00%. Interest is payable semiannually. The Series 2002B Bonds are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund redemption. All of the outstanding bonds were called in December of 2012 using bond reserves.

5. General Obligation Refunding Bonds, Series 2003 - CMD

The District issued \$3,435,000 of general obligation refunding bonds dated June 1, 2003 with interest rates ranging from 3.0% to 3.5%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2015. Proceeds from the bond issuance were used to advance refund a portion of the series 1996 bonds

6. General Obligation Refunding Bonds, Series 2006 A - CMD

The District issued \$5,780,000 of general obligation refunding bonds dated April 24, 2006 with interest rates ranging from 3.60% to 5.00%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2019. Proceeds from the bond issuance have been used to advance refund all outstanding series 1998 bonds.

Additionally, the District issued \$660,000 of Supplemental Interest Registered Coupons, with interest rates ranging from 3.75% to 4.13%. The principal matures in various increments on December 1 through 2012.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

IV. Detailed Notes on All Funds (continued)

C. Long-term Debt (continued)

7. General Obligation Refunding Bonds, Series 2006 B - CMMD

The District issued \$6,840,000 of general obligation refunding bonds dated April 24, 2006 with interest rates ranging from 4.00% to 5.00%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2022. Proceeds from the bond issuance have been used to advance refund portions of the CMMD series 1999 (\$1,415,000), series 2000A (\$3,260,000), and series 2000B (\$2,165,000) bonds.

Additionally, the District issued \$410,000 of Supplemental Interest Registered Coupons, with interest rates ranging from 3.85% to 4.54%. The principal matures in various increments on December 1 through 2013.

8. General Obligation Refunding Bonds, Series 2009 – CMD

The District issued \$4,665,000 of general obligation refunding bonds dated September 14, 2009 with interest rates ranging from 2.50% to 3.00%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2015. Proceeds from the bond issuance have been used to advance refund all of the CMD series 1999 bonds.

9. General Obligation Refunding Bonds, Series 2012 – CMD

The District issued \$6,500,000 of general obligation refunding bonds dated December 3, 2012 with an interest rate of 2.24%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2022. Proceeds from the bond issuance have been used to advance refund all of the CMD series 2002 bonds.

10. Annual Debt Service Requirements

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Principal	Interest	Zero Coupons	Total
2013	2,155,000	876,463	20,000	3,051,463
2014	2,180,000	801,835		2,981,835
2015	2,165,000	725,586		2,890,586
2016	2,280,000	650,581		2,930,581
2017	2,500,000	552,391		3,052,391
2018 - 2022	10,720,000	1,163,666		11,883,666
Total	22,000,000	4,770,522	20,000	26,790,522

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

IV. Detailed Notes on All Funds (continued)

C. Long-term Debt (continued)

11. Unissued Debt

The District authorized the issuance of \$15,000,000 in bonded indebtedness to acquire certain parks and recreational facilities and/or the water rights, infrastructure and other improvements in order to provide water service to the park and recreation project. None of the debt had been issued as of the date of the auditor's report.

V. Other Information

A. Water Service Agreement

The District, the Edwards Metropolitan District and the Upper Eagle Regional Water District are parties to an Amended and Restated Water Service Agreement dated March 25, 2004 (the "Water Service Agreement"), concerning the provision of treated water to the area within the District. The Water Service Agreement provides that the Water District shall provide water service to the property within the District up to a maximum of 1,685 single family equivalent units, comprised of 1,522 residential units and 135 commercial units. Water rights and system infrastructure serving the District were originally owned by the Squaw Creek Metropolitan District and were transferred to the District in 2003. These assets were further transferred to the Water District in 2004. Water users within the District pay periodic water service charges to the Water District. Under the Water Services Agreement, in 2004, the District paid to the Water District \$882,500 to be used by the Water District for the purchase and/or lease of water rights sufficient to augment current rights held to extent necessary to accommodate future growth within the District. In 2007 the district received a refund of \$520,340 from the water district pursuant to the agreement.

B. Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public official's coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

V. Other Information

C. Retirement Plan

The District participates in the Security Benefit, multiple-employer public employee retirement systems that are qualified plans as defined by IRS Code Section 401(A) and 457 and Colorado Revised Statutes (CRS) 24.54. The plans provide retirement benefits through a defined contribution plan to participating counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. There are no unfunded past service liabilities. All full-time and part-time regular employees are required to participate in the 401(A) plan after approximately one month of service. The District contributes 6.2% of employee compensation, excluding overtime and bonuses. The employee is required to contribute an amount at least equal to the District's contribution. District employees may also choose to participate in the 457 plan. The District provides a 25% match to employee contributions to the 457 plan up to the annual IRS limits on individual contributions. Actual Contributions amounted to \$14,938 (employer) and \$59,752 (employee) during 2012.

The District and employees each made the required 6.2% minimum contributions to the 401(A) plan in 2012 of \$137,543. Required contribution rates may be amended within the statutory limits by the Board of Directors of the District.

D. Transfers

The District made a budgeted transfer from the General Fund to the Capital Projects Fund of \$510,000 during 2012 to fund capital projects.

E. Commitments and Contingencies

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; and errors and omissions. Management of the District and their legal representatives are not aware of any material outstanding claims against the District at December 31, 2012.

F. Change in Accounting Principle

The District implemented Government Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities, which requires debt issuance costs, previously reported as an asset and amortized, to be recognized as an outflow at the time such costs are incurred. As such, the financial statements report a restatement of the beginning net position in the amount of \$921,617, which was the unamortized debt issuance and deferred refunding costs at December 31, 2011.

VI. Subsequent Events

A. Cordillera Metropolitan District v. Board of County Commissioners of the County of Eagle, Colorado, and Rothkopf, GP

On or about August 8, 2011, Rothkopf, GP ("Rothkopf") submitted a petition (the "Petition") for exclusion of certain property owned by Rothkopf from the District. The District's Board held a public hearing on the Petition on both October 17 and November 21, 2011, ultimately denying the exclusion on December 13, 2011. Rothkopf appealed to the Eagle County Board of County Commissioners ("BOCC"), who held a hearing on the matter on February 26, 2013 and permitted Rothkopf to introduce additional evidence not presented to the District's Board.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2012
(Continued)**

VI. Subsequent Events (continued)

A. Cordillera Metropolitan District v. Board of County Commissioners of the County of Eagle, Colorado, and Rothkopf, GP (continued)

On March 12, 2013, the BOCC overturned the District's Board's denial of the exclusion. The property in the Petition generates approximately \$32,000 in annual property tax revenues for the District, approximately 50% of which is used to support the District's debt service obligations, and the remaining 50% of which is used to support the District's operations and maintenance expenses.

On March 27, 2013, the District filed a lawsuit in the District Court for Eagle County, Colorado, against the BOCC and Rothkopf requesting the court to enter an order reversing the BOCC decision, directing the BOCC to rehear Rothkopf's appeal and instructing the BOCC to limit the record on appeal to the record created before the District's Board; denying Rothkopf's request to have the property excluded from the District; declaring an easement granted to Rothkopf is a temporary easement and that Rothkopf does not have an easement along the entire Carterville Road used to access his property; and for an award of all costs.

The District's management and legal counsel believe it is likely the District will prevail and the property will remain in the District. In the event the District does not prevail and the property is excluded, the property will remain obligated for the payment of taxes to support the District's debt service obligations, but would no longer be obligated for the payment of taxes to support the District's operations and maintenance expenses.

B. Starview Realty Investments, LP v. Cordillera Metropolitan District

On April 17, 2013, Starview Realty Investments, LP ("Starview") filed suit against the District in Eagle County District Court alleging that the District does not provide any services or infrastructure to the property, and thus has been unjustly enriched by collecting taxes from Starview. Starview alleges that the District has further violated State Constitutional provisions by collecting taxes and not providing services.

The District has engaged the firm of Norton Smith & Keane, P.C. to represent it in litigation. The District intends to vigorously defend the case, and disagrees with the factual assertions in the complaint. The District further believes the legal theories upon which the case was file are without merit.

In the event of an unfavorable outcome, the District could be required to repay Starview \$108,383.06 in previously collected property taxes and could be enjoined from collecting property taxes from the property in the future.

REQUIRED SUPPLEMENTARY INFORMATION

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Taxes:				
Property tax	3,049,397	3,049,397	3,020,319	(29,078)
Specific ownership tax	208,000	227,000	235,322	8,322
Charges for services:				
CPOA administration fees	402,190	412,190	402,190	(10,000)
Cordillera Valley Club public safety	248,295	248,295	253,927	5,632
Trailer storage fees	15,000	19,100	19,180	80
Design review board fees	21,115	21,115	30,200	9,085
Transponder revenue	10,220	10,220	8,135	(2,085)
Sewer lift revenue	18,000	18,000	14,881	(3,119)
Internal service fee from Equestrian Fund	53,694	53,694	42,326	(11,368)
Other fees	5,500	2,250	556	(1,694)
Other revenue:				
Electric utility refunds	10,000	16,220	20,319	4,099
Interest income	7,718	7,718	20,265	12,547
Lottery proceeds	2,000	2,000	1,571	(429)
Other income	-	14,886	17,717	2,831
Total Revenues	<u>4,051,129</u>	<u>4,102,085</u>	<u>4,086,908</u>	<u>(15,177)</u>
Expenditures:				
General and administration:				
Wages and benefits	970,351	975,190	933,424	41,766
Operations	411,671	651,697	545,348	106,349
Public safety:				
Wages and benefits	718,305	718,305	746,246	(27,941)
Operations	50,014	48,005	41,531	6,474
Public works:				
Wages and benefits	686,161	686,161	654,540	31,621
Operations	596,145	537,586	510,436	27,150
Equestrian Center	31,237	31,237	2,693	28,544
Design Review Board	6,260	6,950	7,204	(254)
Recreation	42,651	23,833	13,213	10,620
Total Expenditures	<u>3,512,795</u>	<u>3,678,964</u>	<u>3,454,635</u>	<u>224,329</u>
(Deficiency) of Revenues Over Expenditures	<u>538,334</u>	<u>423,121</u>	<u>632,273</u>	<u>209,152</u>
Other Financing Sources (Uses):				
Transfer to other funds	(500,000)	(510,000)	(510,000)	-
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(510,000)</u>	<u>(510,000)</u>	<u>-</u>
Net Change in Fund Balance	38,334	(86,879)	122,273	209,152
Fund Balance - Beginning	<u>1,215,408</u>	<u>1,370,806</u>	<u>1,370,807</u>	<u>1</u>
Fund Balance - Ending	<u>1,253,742</u>	<u>1,283,927</u>	<u>1,493,080</u>	<u>209,153</u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Equestrian Center
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Boarding stall revenue	295,500	295,500	286,430	(9,070)
Paddock revenue	123,120	123,120	124,585	1,465
Other revenue	8,041	5,000	3,711	(1,289)
Total Revenues	<u>426,661</u>	<u>423,620</u>	<u>414,726</u>	<u>(8,894)</u>
Expenditures:				
Payroll	157,774	157,774	162,763	(4,989)
Benefits	47,539	47,539	49,472	(1,933)
Manure disposal	22,116	22,116	17,045	5,071
Grain	9,665	8,800	7,408	1,392
Hay	62,784	62,784	62,784	-
Shavings	35,315	35,315	28,369	6,946
Electric	11,962	11,962	10,495	1,467
Gas	5,579	6,379	5,420	959
Water	2,896	3,100	3,068	32
Telephone	2,712	2,712	2,742	(30)
Maintenance	26,164	26,164	21,530	4,634
Internal service fee to General Fund	33,010	33,010	32,999	11
Operating expense	4,277	4,277	2,345	1,932
Total Expenditures	<u>421,793</u>	<u>421,932</u>	<u>406,440</u>	<u>15,492</u>
Excess of Revenues Over Expenditures	4,868	1,688	8,286	6,598
Fund Balance - Beginning	51,536	109,367	109,367	-
Fund Balance - Ending	<u>56,404</u>	<u>111,055</u>	<u>117,653</u>	<u>6,598</u>

SUPPLEMENTARY INFORMATION

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - CMD Debt Service Fund
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Property tax	2,099,337	2,099,337	2,082,237	(17,100)
Tap fees	-	-	16,442	16,442
Interest income	883	883	11,749	10,866
Total Revenues	<u>2,100,220</u>	<u>2,100,220</u>	<u>2,110,428</u>	<u>10,208</u>
Expenditures:				
Debt service:				
Bond interest	876,695	876,976	876,976	-
Bond principal	1,615,000	1,615,000	1,615,000	-
Treasurer's fees	62,980	62,980	62,821	159
Total Expenditures	<u>2,554,675</u>	<u>2,554,956</u>	<u>2,554,797</u>	<u>159</u>
(Deficiency) of Revenues Over Expenditures	<u>(454,455)</u>	<u>(454,736)</u>	<u>(444,369)</u>	<u>10,367</u>
Other Financing Sources (Uses):				
Refunding proceeds	-	6,500,000	6,500,000	-
Payment to refunding agents	-	(9,395,000)	(9,395,000)	-
Bond issuance costs	-	(160,727)	(155,300)	5,427
Contribution from CPOA	454,427	454,427	454,427	-
Transfer from other funds	2,831,704	2,831,704	2,831,704	-
Total Other Financing Sources (Uses)	<u>3,286,131</u>	<u>230,404</u>	<u>235,831</u>	<u>5,427</u>
Net Change in Fund Balance	2,831,676	(224,332)	(208,538)	15,794
Fund Balance - Beginning	<u>371,353</u>	<u>324,023</u>	<u>324,023</u>	<u>-</u>
Fund Balance - Ending	<u><u>3,203,029</u></u>	<u><u>99,691</u></u>	<u><u>115,485</u></u>	<u><u>15,794</u></u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - CMMD Debt Service Fund
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Property tax	1,078,451	1,078,451	1,063,780	(14,671)
Interest income	200	200	9,400	9,200
Total Revenues	<u>1,078,651</u>	<u>1,078,651</u>	<u>1,073,180</u>	<u>(5,471)</u>
Expenditures:				
Debt service:				
Bond interest	459,049	463,456	463,085	371
Bond principal	620,000	1,450,000	1,440,000	10,000
Treasurer's fees	32,354	32,354	32,588	(234)
Total Expenditures	<u>1,111,403</u>	<u>1,945,810</u>	<u>1,935,673</u>	<u>10,137</u>
(Deficiency) of Revenues Over Expenditures	<u>(32,752)</u>	<u>(867,159)</u>	<u>(862,493)</u>	<u>4,666</u>
Other Financing Sources (Uses):				
Contribution from CPOA	74,440	74,440	74,440	-
Transfer from other funds	-	834,407	824,036	(10,371)
Total Other Financing Sources (Uses)	<u>74,440</u>	<u>908,847</u>	<u>898,476</u>	<u>(10,371)</u>
Net Change in Fund Balance	41,688	41,688	35,983	(5,705)
Fund Balance - Beginning	<u>7,904</u>	<u>(7,454)</u>	<u>(7,454)</u>	<u>-</u>
Fund Balance - Ending	<u>49,592</u>	<u>34,234</u>	<u>28,529</u>	<u>(5,705)</u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - 2002 Debt Service Fund
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Interest income	75,650	32,120	24,814	(7,306)
Total Revenues	<u>75,650</u>	<u>32,120</u>	<u>24,814</u>	<u>(7,306)</u>
Other Financing Sources (Uses):				
Contribution from CPOA	96,133	1,096,133	1,096,133	-
Transfer to other funds	-	(3,666,111)	(3,655,740)	10,371
Total Other Financing Sources (Uses)	<u>96,133</u>	<u>(2,569,978)</u>	<u>(2,559,607)</u>	<u>10,371</u>
Net Change in Fund Balance	171,783	(2,537,858)	(2,534,793)	3,065
Fund Balance - Beginning	<u>2,605,670</u>	<u>2,569,978</u>	<u>2,569,978</u>	-
Fund Balance - Ending	<u><u>2,777,453</u></u>	<u><u>32,120</u></u>	<u><u>35,185</u></u>	<u><u>3,065</u></u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Water Fund
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Water usage fees	268,000	247,000	247,409	409
Total Revenues	<u>268,000</u>	<u>247,000</u>	<u>247,409</u>	<u>409</u>
Expenditures:				
Water rights appraisals	12,500	25,744	13,244	-
Total Expenditures	<u>12,500</u>	<u>25,744</u>	<u>13,244</u>	<u>-</u>
Excess of Revenues Over Expenditures	255,500	221,256	234,165	409
Fund Balance - Beginning	875,760	839,377	839,377	-
Fund Balance - Ending	<u><u>1,131,260</u></u>	<u><u>1,060,633</u></u>	<u><u>1,073,542</u></u>	<u><u>12,909</u></u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Bearcat Stables improvements	6,750	7,661	7,750	89
Equestrian Center capital contribution	-	12,095	12,095	-
Total Revenues	<u>6,750</u>	<u>19,756</u>	<u>19,845</u>	<u>89</u>
Expenditures:				
Heavy equipment	85,000	85,000	84,078	922
Healthy forest	32,000	32,000	-	32,000
Equestrian mule	16,000	16,000	15,726	274
Equestrian water and drag system	16,400	16,400	12,046	4,354
Indoor Arena footing improvements	-	12,095	12,095	-
Equestrian paddock resurfacing	29,400	29,400	14,980	14,420
Heat installation -- Equestrian Center	-	11,354	11,355	(1)
Electric installation -- Bearcat Cabins	-	911	911	-
Road repair	445,000	445,000	416,044	28,956
Total Expenditures	<u>623,800</u>	<u>648,160</u>	<u>567,235</u>	<u>80,925</u>
(Deficiency) of Revenues Over Expenditures	(617,050)	(628,404)	(547,390)	81,014
Other Financing Sources (Uses):				
Transfer (to) from other fund	500,000	510,000	510,000	-
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>510,000</u>	<u>510,000</u>	<u>-</u>
Net Change in Fund Balance	(117,050)	(118,404)	(37,390)	81,014
Fund Balance - Beginning	127,342	119,350	119,350	-
Fund Balance - Ending	<u>10,292</u>	<u>946</u>	<u>81,960</u>	<u>81,014</u>

Cordillera Metropolitan District
Summary of Assessed Valuation, Mill Levy and Property Tax Collected
December 31, 2012

<u>Year Ended December 31</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
<u>Cordillera Metropolitan District:</u>					
2002	99,806,930	31.805	3,174,359	3,018,767	95.10%
2003	101,632,770	40.759	4,142,450	4,139,534	99.93%
2004	91,813,930	22.048	2,024,314	2,017,382	99.66%
2005	91,510,150	21.121	1,932,786	1,931,834	99.95%
2006	85,340,290	21.121	1,802,472	1,801,982	99.97%
2007	85,937,480	27.034	2,323,234	2,323,461	100.01%
2008	97,690,880	23.165	2,263,009	2,262,909	100.00%
2009	99,172,250	23.165	2,297,325	2,278,863	99.20%
2010	115,894,820	19.663	2,278,840	2,254,892	98.95%
2011	113,913,340	19.663	2,239,878	2,153,834	96.16%
2012	79,115,500	26.535	2,099,330	2,082,237	99.19%
2013	78,623,900	22.720	1,786,335		
<u>Cordillera Mountain Metropolitan District:</u>					
2002	24,625,750	45.000	1,108,159	1,085,134	97.92%
2003	28,662,210	49.000	1,404,448	1,402,639	99.87%
2004	28,608,160	30.897	883,906	882,400	99.83%
2005	28,874,420	35.893	1,036,390	1,036,390	100.00%
2006	23,601,540	35.893	847,130	846,471	99.92%
2007	23,849,170	50.981	1,215,855	1,213,933	99.84%
2008	27,045,000	37.220	1,006,615	1,005,816	99.92%
2009	26,960,870	37.220	1,003,484	1,002,402	99.89%
2010	31,237,920	33.273	1,039,379	998,535	96.07%
2011	29,744,680	33.273	989,695	891,321	90.06%
2012	17,758,590	60.728	1,078,444	1,063,780	98.64%
2013	17,939,080	56.804	1,019,012		
<u>Combined operating mill levy:</u>					
2005	120,384,570	22.833	2,748,741	2,747,753	99.96%
2006	108,941,830	25.231	2,748,711	2,747,662	99.96%
2007	109,786,650	24.306	2,668,474	2,667,685	99.97%
2008	124,735,880	22.009	2,745,312	2,744,744	99.98%
2009	126,133,120	22.933	2,892,611	2,882,575	99.65%
2010	147,132,740	20.691	3,044,324	2,995,387	98.39%
2011	143,658,020	21.135	3,036,212	2,887,328	95.10%
2012	96,874,090	31.478	3,049,403	3,020,319	99.05%
2013	96,562,980	31.579	3,049,362		

**Cordillera Metropolitan District
Schedule of Debt Service Requirements to Maturity
Debt Issued by Cordillera Metropolitan District
December 31, 2012**

Bonds and Interest Maturing in the Year Ending December 31,	\$3,435,000 G.O. Refunding Bonds Series 2003A Dated June 1, 2003 Interest Rate 3.00%-3.50%		\$5,780,000 G.O. Refunding Bonds Series 2006A Dated April 24, 2006 Interest Rate 3.60%-5.00%		\$4,665,000 G.O. Refunding Bonds Series 2009 Dated September 14, 2009 Interest Rate 2.50%-3.00%		\$6,500,000 G.O. Refunding Loan Series 2012 Interest Rate 2.24%		Total	Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
	2013	455,000	47,338	-	227,988	765,000	70,200	315,000	146,813	1,535,000	492,339
2014	485,000	33,005	-	227,988	775,000	47,250	330,000	140,468	1,590,000	448,711	2,038,711
2015	500,000	17,000	-	227,988	800,000	24,000	335,000	132,974	1,635,000	401,962	2,036,962
2016	-	-	1,065,000	227,988	-	-	620,000	125,709	1,685,000	353,697	2,038,697
2017	-	-	1,120,000	174,738	-	-	630,000	111,284	1,750,000	286,022	2,036,022
2018	-	-	1,175,000	118,738	-	-	650,000	96,976	1,825,000	215,714	2,040,714
2019	-	-	1,235,000	59,988	-	-	665,000	82,214	1,900,000	142,202	2,042,202
2020	-	-	-	-	-	-	960,000	67,295	960,000	67,295	1,027,295
2021	-	-	-	-	-	-	985,000	45,309	985,000	45,309	1,030,309
2022	-	-	-	-	-	-	1,010,000	22,938	1,010,000	22,938	1,032,938
Total	<u>1,440,000</u>	<u>97,343</u>	<u>4,595,000</u>	<u>1,265,416</u>	<u>2,340,000</u>	<u>141,450</u>	<u>6,500,000</u>	<u>971,981</u>	<u>14,875,000</u>	<u>2,476,190</u>	<u>17,351,190</u>

**Cordillera Metropolitan District
Schedule of Debt Service Requirements to Maturity
Debt Issued by Cordillera Mountain Metropolitan District
December 31, 2012**

Bonds and Interest Maturing in the Year Ending December 31,	\$2,000,000 General Obligation Bonds Series 2002A Dated June 1, 2003 Interest Rate 4.125%-6.00%		\$6,840,000 General Obligation Bonds Series 2006B Dated April 24, 2006 Interest Rate 4.00%-5.00%		\$410,000 Series 2006B Interest Coupons Yield 3.85% to 4.54%	Total	Total	Total	Total
	Principal	Interest	Principal	Interest	Maturity Value	Principal	Interest	Coupon	Debt Service
2013	-	92,255	620,000	291,869	20,000	620,000	384,124	20,000	1,024,124
2014	-	92,255	590,000	260,869	-	590,000	353,124	-	943,124
2015	30,000	92,255	500,000	231,369	-	530,000	323,624	-	853,624
2016	85,000	90,515	510,000	206,369	-	595,000	296,884	-	891,884
2017	205,000	85,500	545,000	180,869	-	750,000	266,369	-	1,016,369
2018	220,000	73,200	570,000	151,575	-	790,000	224,775	-	1,014,775
2019	230,000	60,000	605,000	120,938	-	835,000	180,938	-	1,015,938
2020	245,000	46,200	630,000	88,419	-	875,000	134,619	-	1,009,619
2021	265,000	31,500	490,000	54,556	-	755,000	86,056	-	841,056
2022	260,000	15,600	525,000	28,219	-	785,000	43,819	-	828,819
Total	<u>1,540,000</u>	<u>679,280</u>	<u>5,585,000</u>	<u>1,615,050</u>	<u>20,000</u>	<u>7,125,000</u>	<u>2,294,330</u>	<u>20,000</u>	<u>9,439,330</u>

Cordillera Metropolitan District
Schedule of Debt Service Requirements to Maturity
Debt Issued by Cordillera Metropolitan District and Cordillera Mountain Metropolitan District
December 31, 2012

Year Ending December 31	CMD & CMMD Principal Total	CMD & CMMD Interest Total	CMD & CMMD Coupon Total	CMD & CMMD Debt Service Total
2013	2,155,000	876,463	20,000	3,051,463
2014	2,180,000	801,835	-	2,981,835
2015	2,165,000	725,586	-	2,890,586
2016	2,280,000	650,581	-	2,930,581
2017	2,500,000	552,391	-	3,052,391
2018	2,615,000	440,489	-	3,055,489
2019	2,735,000	323,140	-	3,058,140
2020	1,835,000	201,914	-	2,036,914
2021	1,740,000	131,366	-	1,871,366
2022	1,795,000	66,757	-	1,861,757
	<u>22,000,000</u>	<u>4,770,522</u>	<u>20,000</u>	<u>26,790,522</u>