

**CONSOLIDATED BELL MOUNTAIN RANCH METROPOLITAN DISTRICT**

**FINANCIAL STATEMENTS**

**December 31, 2008**

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## Independent Auditor's Report

Board of Directors  
Consolidated Bell Mountain Ranch Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each major fund of Consolidated Bell Mountain Ranch Metropolitan District as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates, made by the District, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Consolidated Bell Mountain Ranch Metropolitan District as of December 31, 2008, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

*L. Paul Goedecke P.C.*

L. Paul Goedecke, P.C.  
July 28, 2009

**CONSOLIDATED BELL MOUNTAIN RANCH METROPOLITAN DISTRICT**

**Governmental Funds Balance Sheet/Statement of Net Assets  
December 31, 2008**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<b>ASSETS:</b>			
Cash and investments	\$ 33,073	\$ -	\$ 1,013
Investments – restricted	-	702,894	-
Accounts receivable:			
Current taxes	1,750	7,451	-
Deferred taxes	274,000	1,165,000	-
Capital assets, net	-	-	-
<b>Total assets</b>	<u>\$ 308,823</u>	<u>\$ 1,875,345</u>	<u>\$ 1,013</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 47,760	\$ -	\$ -
Due to other governments	2,755	-	-
Interest payable	-	-	-
Deferred revenue	274,000	1,165,000	-
Long term liabilities			
Due within one year	-	-	-
Due after one year	-	-	-
<b>Total liabilities</b>	<u>324,515</u>	<u>1,165,000</u>	<u>-</u>
<b>FUND BALANCE/NET ASSETS:</b>			
Reserved for:			
Debt service	-	710,345	-
Capital projects	-	-	1,013
Unreserved-designated for subsequent years expenditures	(15,692)	-	-
<b>Total fund balances</b>	<u>(15,692)</u>	<u>710,345</u>	<u>1,013</u>
<b>Total liabilities and fund balance</b>	<u>\$ 308,823</u>	<u>\$ 1,875,345</u>	<u>\$ 1,013</u>
Invested in capital assets, net of related deb:			
Restricted for:			
Debt service			
Capital projects			
Unrestricted			
Total net assets			

	<u>Total</u>	<u>Adjustments Note 12</u>	<u>Statement of Net Assets</u>
\$	34,086	\$ -	\$ 34,086
	702,894	-	702,894
	9,201	-	9,201
	1,439,000	-	1,439,000
	-	11,529,346	11,529,346
<u>\$</u>	<u>2,185,181</u>	<u>11,529,346</u>	<u>13,714,527</u>
\$	47,760	-	47,760
	2,755	-	2,755
	-	121,349	121,349
	1,439,000	-	1,439,000
	-	300,000	300,000
	-	16,293,394	16,293,394
	1,489,515	16,714,743	18,204,258
	710,345	(710,345)	-
	1,013	(1,013)	-
	(15,692)	15,692	-
	695,666	(695,666)	-
<u>\$</u>	<u>2,185,181</u>		
		(4,654,775)	(4,654,775)
		710,345	710,345
		1,013	1,013
		(546,314)	(546,314)
		<u>\$ (4,489,731)</u>	<u>\$ (4,489,731)</u>

*NOTE: The accompanying notes are an integral part of the financial statements.*

**CONSOLIDATED BELL MOUNTAIN RANCH METROPOLITAN DISTRICT**

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2008**

	<u>Government Fund Types</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<b>EXPENDITURES/EXPENSES</b>			
Accounting and audit	\$ 9,946	\$ -	\$ -
Collection fees	4,100	17,459	-
Depreciation	-	-	-
District management	34,884	-	-
Election expense	273	-	-
Engineering	15,282	-	-
Insurance	6,026	-	-
Landscape maintenance/repairs	54,175	-	-
Legal	112,894	-	-
Miscellaneous	1,645	-	16,069
Open space maintenance	245	-	-
Snow removal	25,095	-	-
Street maintenance	35,078	-	-
Trail maintenance	850	-	-
Utilities	1,315	-	-
Capital expenditures	17,740	-	54,740
Debt Service			
Bond principal	-	280,000	-
Bond interest	-	1,005,555	-
Paying agent fees	-	450	-
<b>Total expenditures/expenses</b>	<u>319,548</u>	<u>1,303,464</u>	<u>70,809</u>
<b>REVENUES</b>			
Program revenues – Operating grants/lottery funds	4,294	-	-
General revenues – Property tax	272,133	1,158,725	-
– Specific ownership taxes	23,277	99,113	-
– Interest income	1,269	22,028	-
– Other income	48	-	-
– Reimbursements	5,061	-	-
<b>Total revenues</b>	<u>306,082</u>	<u>1,279,866</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(13,466)</u>	<u>(23,598)</u>	<u>(70,809)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	(30,000)	-	30,000
<b>Total other financing sources (uses)</b>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>(43,466)</u>	<u>(23,598)</u>	<u>(40,809)</u>
<b>FUND BALANCE/NET ASSETS:</b>			
<b>BEGINNING OF YEAR</b>	<u>27,774</u>	<u>733,943</u>	<u>41,822</u>
<b>END OF YEAR</b>	<u>\$ (15,692)</u>	<u>\$ 710,345</u>	<u>\$ 1,013</u>

Total	Adjustments Note 12	Statement of Activities
\$ 9,946	\$ -	\$ 9,946
21,559	-	21,559
-	649,370	649,370
34,884	-	34,884
273	-	273
15,282	-	15,282
6,026	-	6,026
54,175	-	54,175
112,894	-	112,894
17,714	-	17,714
245	-	245
25,095	-	25,095
35,078	-	35,078
850	-	850
1,315	-	1,315
72,480	(72,480)	-
280,000	(280,000)	-
1,005,555	(2,624)	1,002,931
450	-	450
<u>1,693,821</u>	<u>294,266</u>	<u>1,988,087</u>
4,294	-	4,294
1,430,858	-	1,430,858
122,390	-	122,390
23,297	-	23,297
48	-	48
5,061	-	5,061
<u>1,585,948</u>	<u>-</u>	<u>1,585,948</u>
<u>(107,873)</u>	<u>(294,266)</u>	<u>(402,139)</u>
-	-	-
-	-	-
(107,873)	(294,266)	(402,139)
803,539	(4,891,131)	(4,087,592)
<u>\$ 695,666</u>	<u>\$ (5,185,397)</u>	<u>\$ (4,489,731)</u>

NOTE: The accompanying notes are an integral part of the financial statements.

**CONSOLIDATED BELL MOUNTAIN RANCH METROPOLITAN DISTRICT**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL**

**Year Ended December 31, 2008**

	<b>Original/Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Property taxes	\$ 273,071	\$ 272,133	\$ (938)
Specific ownership taxes	27,307	23,277	(4,030)
Interest income	15,423	1,269	(14,154)
Operating grants/lottery funds	4,000	4,294	294
Reimbursements and other	-	5,109	5,109
<b>Total revenues</b>	<b>319,801</b>	<b>306,082</b>	<b>(13,719)</b>
<b>EXPENDITURES</b>			
General government			
Accounting and audit	10,500	9,946	554
Collection fees	-	4,100	(4,100)
District management	30,000	34,884	(4,884)
Election expense	5,000	273	4,727
Engineering	15,000	15,282	(282)
Insurance	6,000	6,026	(26)
Landscape maintenance/repairs	40,000	54,175	(14,175)
Legal	67,000	112,894	(45,894)
Miscellaneous	2,000	1,645	355
Open space maintenance	15,000	245	14,755
Snow removal	30,000	25,095	4,905
Street maintenance	40,000	35,078	4,922
Trail maintenance	15,000	850	14,150
Utilities	1,500	1,315	185
Capital expenditures	-	17,740	(17,740)
Treasurers fees	4,102	-	4,102
Contingency and emergency reserve	44,033	-	44,033
<b>Total expenditures</b>	<b>325,135</b>	<b>319,548</b>	<b>5,587</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(5,334)</b>	<b>(13,466)</b>	<b>(8,132)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	(30,000)	(30,000)	-
<b>Total other financing sources (uses)</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>-</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>(35,334)</b>	<b>(43,466)</b>	<b>(8,132)</b>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<b>35,334</b>	<b>27,774</b>	<b>(7,560)</b>
<b>FUND BALANCE – END OF YEAR</b>	<b>\$ -</b>	<b>\$ (15,692)</b>	<b>\$ (15,692)</b>

*NOTE: The accompanying notes are an integral part of the financial statements.*

# CONSOLIDATED BELL MOUNTAIN RANCH METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

### NOTE 1 – DEFINITION OF REPORTING ENTITY

#### Definition of Reporting Entity

Consolidated Bell Mountain Ranch Metropolitan District (The District), a quasi-municipal corporation, was organized on January 4, 1999 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District consists of approximately 2,040 acres, containing 305 residential lots, space for limited commercial and industrial development, and parks, open space and arterial streets in the central portion of Douglas County. The District is comprised of the former Bell Mountain Ranch Phase II, Phase III, and Bell Mountain Ranch Park and Recreation Metropolitan Districts. The District was organized to provide water, sanitation, street improvement, safety protection services, television relay, transportation, mosquito control and park and recreation improvements for its inhabitants and derives its revenue principally from improvement fees and ad valorem property taxes.

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

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

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

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 – Special Purpose Governments.

CONSOLIDATED BELL MOUNTAIN RANCH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 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 period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The government reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Budgets**

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

