

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
City of Aurora, Arapahoe County, Colorado

FINANCIAL STATEMENTS
December 31, 2014

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Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southlands Metropolitan District No. 1
City of Aurora, Arapahoe County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Southlands Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Southlands Metropolitan District No. 1, as of December 31, 2014, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information on pages 23 through 25 is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The supplementary information on pages 26 through 28 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Lakewood, Colorado
May 4, 2015

BASIC FINANCIAL STATEMENTS

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 901,845
Cash and investments - Restricted	4,756,717
Accounts receivable	53,600
Interest receivable	498
General operations fee receivable	4,798
Prepaid expenses	20,742
Receivable from County Treasurer	28,293
Property taxes receivable	4,062,297
Capital assets, net	
Streets	10,295,477
Park and recreation improvements	5,228,906
Total assets	<u>25,353,173</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost of refunding	3,847,890
Total deferred outflows of resources	<u>3,847,890</u>
LIABILITIES	
Accounts payable	155,787
Unearned general operations fee	73,250
Tenant operations fee refund payable	56,757
Accrued interest payable	227,020
Noncurrent liabilities:	
Due within one year	1,170,000
Due in more than one year	52,791,273
Total liabilities	<u>54,474,087</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	4,062,297
Total deferred inflows of resources	<u>4,062,297</u>
NET POSITION	
Net investment in capital assets	(8,161,632)
Restricted for:	
Emergency reserves	8,500
Debt service	162,343
Unrestricted	<u>(21,344,532)</u>
Total net position	<u><u>\$ (29,335,321)</u></u>

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

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:					
Government activities:					
General government	\$ 3,272,258	\$ 1,797,843	\$ -	\$ -	\$ (1,474,415)
Interest and related costs on long-term debt	3,146,135	-	1,367,310	370,579	(1,408,246)
	<u>\$ 6,418,393</u>	<u>\$ 1,797,843</u>	<u>\$ 1,367,310</u>	<u>\$ 370,579</u>	<u>(2,882,661)</u>
General revenues:					
Property taxes					4,058,128
Specific ownership taxes					295,416
Interest income					6,012
Miscellaneous income					44,626
Reimbursed expenditures					53,600
Total general revenues					<u>4,457,782</u>
Change in net position					1,575,121
Net position - Beginning					<u>(30,910,442)</u>
Net position - Ending					<u>\$ (29,335,321)</u>

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

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 901,845	\$ -	\$ 901,845
Cash and investments - Restricted	8,500	4,748,217	4,756,717
Accounts receivable	53,600	-	53,600
Interest receivable	-	498	498
General operations fee receivable	4,798	-	4,798
Prepaid expenses	20,742	-	20,742
Receivable from County Treasurer	1,840	26,453	28,293
Property taxes receivable	371,772	3,690,525	4,062,297
TOTAL ASSETS	\$ 1,363,097	\$ 8,465,693	\$ 9,828,790
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 155,787	\$ -	\$ 155,787
Tenant operations fee refund payable	56,757	-	56,757
Unearned general operations fee	73,250	-	73,250
Total liabilities	285,794	-	285,794
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	371,772	3,690,525	4,062,297
Total deferred inflows of resources	371,772	3,690,525	4,062,297
FUND BALANCES			
Nonspendable:			
Prepaid expenses	20,742	-	20,742
Restricted for:			
Emergency reserves	8,500	-	8,500
Debt service	-	4,775,168	4,775,168
Unassigned	676,289	-	676,289
Total fund balances	705,531	4,775,168	5,480,699
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,363,097	\$ 8,465,693	

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.

Capital assets, net 15,524,383

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

Bonds payable (53,961,273)

Cost of refunding 3,847,890

Accrued interest on bonds payable (227,020)

Net position of governmental activities **\$ (29,335,321)**

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

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 263,912	\$ 3,794,216	\$ 4,058,128
Specific ownership taxes	19,210	276,206	295,416
General operations fee	1,797,843	-	1,797,843
Interest income	-	6,012	6,012
Miscellaneous income	44,626	-	44,626
Reimbursed expenditures	53,600	-	53,600
Total revenues	<u>2,179,191</u>	<u>4,076,434</u>	<u>6,255,625</u>
EXPENDITURES			
General			
Accounting	39,090	-	39,090
Audit	4,800	-	4,800
County Treasurer's fees	3,958	56,907	60,865
District management	42,937	-	42,937
Dues and membership	1,238	-	1,238
Election	1,291	-	1,291
Insurance and bonds	17,478	-	17,478
Legal	45,259	-	45,259
Miscellaneous	1,798	-	1,798
Utility billing	5,400	-	5,400
Operations			
Floral	145,100	-	145,100
Landscape maintenance	117,931	-	117,931
Monthly cleaning	196,352	-	196,352
Pest control	4,595	-	4,595
Property maintenance	94,744	-	94,744
Property management	35,568	-	35,568
Repairs and maintenance	365,075	-	365,075
Security	32,348	-	32,348
Signage and décor	48,448	-	48,448
Snow removal	372,145	-	372,145
Street lighting/stripping	122,161	-	122,161
Street repairs	71,371	-	71,371
Street sweeping	19,200	-	19,200
Utilities	131,438	-	131,438
Debt service			
Bond interest	-	2,770,644	2,770,644
Bond principal	-	1,125,000	1,125,000
Paying agent fees	-	2,650	2,650
Total expenditures	<u>1,919,725</u>	<u>3,955,201</u>	<u>5,874,926</u>
NET CHANGE IN FUND BALANCES	259,466	121,233	380,699
FUND BALANCES - BEGINNING OF YEAR	446,065	4,653,935	5,100,000
FUND BALANCES - END OF YEAR	<u>\$ 705,531</u>	<u>\$ 4,775,168</u>	<u>\$ 5,480,699</u>

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

**SOUTHLANDS METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2014**

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

Net change in fund balances - Total governmental funds	\$ 380,699
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Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation expense	(1,352,533)
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The issuance of long-term debt (e.g., bonds, receipt of Developer advances) 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.

Developer advances retirement	1,737,889
Bond principal	1,125,000
Current year amortization of bond premium	26,525
Current year amortization of cost of refunding	(290,560)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on bonds - Change in liability	3,867
Accrued interest on Developer advances - Change in liability	(55,766)

Changes in net position of governmental activities	\$ 1,575,121
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2014

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 266,867	\$ 263,912	\$ (2,955)
Specific ownership taxes	18,681	19,210	529
General operations fee	1,854,600	1,797,843	(56,757)
Miscellaneous income	-	44,626	44,626
Reimbursed expenditures	-	53,600	53,600
Total revenues	<u>2,140,148</u>	<u>2,179,191</u>	<u>39,043</u>
EXPENDITURES			
Accounting	40,000	39,090	910
Audit	5,000	4,800	200
Contingency	12,497	-	12,497
County Treasurer's fees	4,003	3,958	45
District management	45,000	42,937	2,063
Dues and membership	1,500	1,238	262
Election	1,000	1,291	(291)
Floral	150,000	145,100	4,900
Insurance and bonds	21,000	17,478	3,522
Landscape maintenance	100,000	117,931	(17,931)
Legal	30,000	45,259	(15,259)
Miscellaneous	3,000	1,798	1,202
Monthly cleaning	196,000	196,352	(352)
Pest control	5,000	4,595	405
Property maintenance	91,000	94,744	(3,744)
Property management	40,000	35,568	4,432
Repairs and maintenance	177,600	365,075	(187,475)
Security	32,000	32,348	(348)
Signage and décor	65,000	48,448	16,552
Snow removal	600,000	372,145	227,855
Street lighting/stripping	86,000	122,161	(36,161)
Street repairs	42,000	71,371	(29,371)
Street sweeping	20,000	19,200	800
Utilities	250,000	131,438	118,562
Utility billing	5,400	5,400	-
Total expenditures	<u>2,023,000</u>	<u>1,919,725</u>	<u>103,275</u>
NET CHANGE IN FUND BALANCES	117,148	259,466	142,318
FUND BALANCES - BEGINNING OF YEAR	<u>210,691</u>	<u>446,065</u>	<u>235,374</u>
FUND BALANCES - END OF YEAR	<u>\$ 327,839</u>	<u>\$ 705,531</u>	<u>\$ 377,692</u>

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

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - DEFINITION OF REPORTING ENTITY

Southlands Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on November 18, 2002, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in the City of Aurora, Arapahoe County, Colorado. The District was established to provide financing for the design, acquisition, construction and installation of essential public-purpose facilities such as water, streets, traffic and safety controls, parks, open space and recreation, sewer and drainage facilities and the operations and maintenance of the District.

The District follows the Governmental Accounting Standards Board (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 has no employees and all operations and administrative functions are contracted.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

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

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as a functional expense on the statement of activities. Expenditures for property, plant and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are District property taxes and interest. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

Budgets

In accordance with the 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 and other financing uses 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.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

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

Investments are carried at fair value.

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows of resources are recorded as revenue in the year they are available or collected.

Capital Assets

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

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets of the District's net position.

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

Streets	20 years
Park and recreation improvements	20 years

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Resolution Concerning the Imposition of a General Operations Fee

On August 4, 2011, the District adopted the Resolution Concerning the Imposition of a General Operations Fee whereby the District is authorized to fix and impose fees, rates, tolls, charges and penalties for services or facilities provided by the District to all property within the District's boundaries. Any fee that is not paid in full within fifteen days after the scheduled due date is assessed a late fee of fifteen dollars or up to five percent per month, or a fraction thereof, not to exceed a total of twenty-five percent of the amount due. Interest accrues on any outstanding fee, exclusive of assessed late fees and interest, at the rate of eighteen percent per year.

On March 13, 2014, the District amended the above named resolution to clarify the funding of an operations reserve and capital reserve, and capital replacement costs, as well as costs associated with providing the services, in order that the public facilities may be properly provided and maintained and that the health, safety, and welfare of the District and its inhabitants may be safeguarded.

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Cost of Refunding

In the government-wide financial statements, the deferred cost of refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2014, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 901,845
Cash and investments - Restricted	<u>4,756,717</u>
	<u>\$ 5,658,562</u>

Cash and investments as of December 31, 2014, consist of the following:

Deposits with financial institutions	\$ 928,366
Investments	<u>4,730,196</u>
	<u>\$ 5,658,562</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash 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. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2014, the District's cash deposits had a bank balance of \$1,021,617 and a carrying balance of \$928,366.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors; such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

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

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2014, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 4,730,196</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2014, follows:

<u>Primary Government</u>	<u>Balance December 31, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2014</u>
Capital assets, being depreciated:				
Streets	\$ 18,527,117	\$ -	\$ -	\$ 18,527,117
Park and recreation improvements	8,523,542	-	-	8,523,542
Total capital assets, being depreciated	<u>27,050,659</u>	<u>-</u>	<u>-</u>	<u>27,050,659</u>
Less accumulated depreciation for:				
Streets	(7,305,284)	(926,356)	-	(8,231,640)
Park and recreation improvements	(2,868,459)	(426,177)	-	(3,294,636)
Total accumulated depreciation	<u>(10,173,743)</u>	<u>(1,352,533)</u>	<u>-</u>	<u>(11,526,276)</u>
Total capital assets, being depreciated, net	<u>16,876,916</u>	<u>(1,352,533)</u>	<u>-</u>	<u>15,524,383</u>
Capital assets, net	<u>\$ 16,876,916</u>	<u>\$ (1,352,533)</u>	<u>\$ -</u>	<u>\$ 15,524,383</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	<u>\$ 1,352,533</u>
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SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2014:

	<u>Balance at December 31, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2014</u>	<u>Due Within One Year</u>
2007 G.O. Refunding Bonds	\$ 54,735,000	\$ -	\$ 1,125,000	\$ 53,610,000	\$ 1,170,000
Unamortized bond premium	377,798	-	26,525	351,273	-
Total bonds payable	<u>55,112,798</u>	<u>-</u>	<u>1,151,525</u>	<u>53,961,273</u>	<u>1,170,000</u>
Developer advances - Capital	190,260	-	190,260	-	-
Developer advances - Operations	860,098	-	860,098	-	-
Interest on Developer advances	<u>631,765</u>	<u>55,766</u>	<u>687,531</u>	<u>-</u>	<u>-</u>
Total Developer advances payable	<u>1,682,123</u>	<u>55,766</u>	<u>1,737,889</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 56,794,921</u>	<u>\$ 55,766</u>	<u>\$ 2,889,414</u>	<u>\$ 53,961,273</u>	<u>\$ 1,170,000</u>

The details of the District's long-term obligations are as follows:

General Obligation Bonds

\$58,940,000 General Obligation Refunding and Improvement Bonds, Series 2007, with interest of 4.000% to 5.000% consisting of term bonds issued in the amounts of \$8,600,000, \$3,700,000, \$2,000,000, and \$35,470,000 due December 1, 2022, 2027, 2027, and 2034. A portion of the bond proceeds were used to refund the \$35,225,000 2004 Bonds. The bonds maturing on and before December 1, 2017, are not subject to redemption prior to their respective maturity dates. The bonds maturing on and after December 1, 2022, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2017, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

The bonds due December 1, 2022, are subject to mandatory sinking fund redemption, in part, by lot, commencing on December 1, 2018.

The bonds due December 1, 2027, and bearing interest at 4.750% per annum also are subject to mandatory sinking fund redemption, in part, by lot, commencing on December 1, 2023, and on each December 1 thereafter prior to the maturity date of such bonds.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The bonds due December 1, 2027, and bearing interest at 5.000% per annum also are subject to mandatory sinking fund redemption, in part, by lot, commencing on December 1, 2023, and on each December 1 thereafter prior to the maturity date of such bonds.

The bonds due December 1, 2034, are also subject to mandatory sinking fund redemption, in part, by lot, commencing on December 1, 2023, and each December 1 thereafter prior to the maturity date of such bonds.

The bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) the Required Mill Levy, 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and 3) any other legally available monies which the District determines to be treated as Pledged Revenue. The bonds are also secured by amounts held by the Trustee in the Reserve Fund. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable and to make up any deficiencies in the Reserve Fund. For collection year 2014, the District levied 4.314 mills for the General Fund and 62.034 mills for the Debt Service Fund.

The District's General Obligation Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,170,000	\$ 2,724,238	\$ 3,894,238
2016	1,305,000	2,665,738	3,970,738
2017	1,365,000	2,602,363	3,967,363
2018	1,510,000	2,535,675	4,045,675
2019	1,580,000	2,465,838	4,045,838
2020-2024	9,815,000	11,106,401	20,921,401
2025-2029	13,560,000	8,314,252	21,874,252
2030-2034	23,305,000	4,277,177	27,582,177
	<u>\$ 53,610,000</u>	<u>\$ 36,691,682</u>	<u>\$ 90,301,682</u>

Refunding

On July 27, 2007, the District advance refunded and defeased (debt legally satisfied) \$35,225,000 of General Obligation Bonds dated August 27, 2004, with an average interest rate of 7.09% by the issuance of \$58,940,000 General Obligation Refunding and Improvement Bonds dated July 27, 2007, with an average interest rate of 4.500%. The defeased bonds are not considered a liability of the District since sufficient funds were deposited with a Trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds when due. The bonds were redeemed on December 1, 2014.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

In the government-wide statements, the District incurred a cost of refunding in the amount of \$6,059,883 which has been deferred and is being amortized over the life of the new debt.

Authorized Debt

On July 16, 2007, the City Council approved an amendment to the service plan, which permits the District to impose an unlimited mill levy and to increase its debt limit to \$60,000,000.

In May 2002, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$113,000,000 at an interest rate not to exceed 18% per annum. On November 11, 2008, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$560,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2014, the District had authorized but unissued indebtedness in the following amount for the following purposes:

	Amount Authorized on May 1, 2002	Amount Authorized on November 11, 2008	Authorization Used		Authorized But Unissued
			Series 2004 Bonds	Series 2007 Bonds	
Street improvements	\$ 41,400,000	\$ 40,000,000	\$ 27,310,000	\$ 12,679,958	\$ 41,410,042
Sewer improvements	4,885,000	40,000,000	1,494,000	210,000	43,181,000
Park and recreation improvements	7,625,000	40,000,000	6,150,000	897,000	40,578,000
Traffic and safety protection improvements	1,995,000	40,000,000	285,000	-	41,710,000
Public transportation	2,505,000	40,000,000	-	-	42,505,000
Water improvements	4,590,000	40,000,000	1,270,000	-	43,320,000
Mosquito control	-	40,000,000	-	-	40,000,000
Fire protection	-	40,000,000	-	-	40,000,000
Television relay and transmission	-	40,000,000	-	-	40,000,000
Security services	-	40,000,000	-	-	40,000,000
Operations and maintenance	1,000,000	40,000,000	-	-	41,000,000
Intergovernmental contracts	-	40,000,000	-	-	40,000,000
Public improvements operations and maintenance	-	40,000,000	-	-	40,000,000
Debt refunding	49,000,000	40,000,000	-	8,644,042	80,355,958
	<u>\$ 113,000,000</u>	<u>\$ 560,000,000</u>	<u>\$ 36,509,000</u>	<u>\$ 22,431,000</u>	<u>\$ 614,060,000</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

On January 12, 2004, the District entered into an Advance and Reimbursement Agreement to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest, calculated by adding a fixed rate of 3.000% to the yield of U.S. municipal AAA bonds for the year in question.

On January 12, 2004, the District entered into an Infrastructure Acquisition Agreement to repay advances made by the Developer for capital infrastructure costs. This Agreement was amended pursuant to a first amendment dated December 7, 2004, and the second amendment dated July 27, 2007. The District agreed to repay the Developer for such capital advances plus accrued interest, calculated by adding a fixed rate of 3.000% to the yield of U.S. municipal AAA bonds for the year in question.

On October 30, 2014, the District entered into an Assignment, Termination, Acknowledgment and Release Agreement with Southlands Colorado, LLC ("Southlands") to: 1) assign and convey all of its interest and obligation to fund the traffic signals (Orchard Signal and Southlands Parkway Signal) to the District and 2) terminate the original Funding and Acquisition Agreements. Pursuant to the Agreement, all amounts remaining due and outstanding including all advances and accrued interest are forgiven in their entirety and shall be deemed a contribution to the District by Southlands.

On September 9, 2014, the District entered into a Capital Funding and Reimbursement Agreement with Northwood Retail, LLC ("Developer"). Pursuant to the Agreement, the Developer agrees to loan to the District monies to fund capital costs in an amount to be mutually agreeable and determined by both parties, on a case-by-case basis, by execution of an addendum to this Agreement. This Agreement shall be effective as of July 1, 2014, and shall terminate on December 31, 2019. The Developer has incurred prior capital costs on behalf of the District prior to the execution of this Agreement in anticipation that the same would be reimbursed as provided in this Agreement. On October 21, 2014, the District entered into an Addendum No. 1 to this Agreement with the Developer for capital costs in the amount of \$15,195. The interest rate of 8% per annum, from the date any such advance is made, should be accrued using simple interest. The term for repayment of any obligation shall not extend beyond 10 years from the date of this Agreement. The District intends to repay advances from the proceeds of ad valorem taxes, fee revenue or other legally available revenues of the District determined to be available, net of any current operations and maintenance costs.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 6 - NET POSITION

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2014, the District had the following net investment in capital assets, calculated as follows:

	Governmental Activities
Net investment in capital assets:	
Capital assets, net	\$ 15,524,383
Current portion of long-term obligations	(561,565)
Noncurrent portion of long-term obligations	(25,338,229)
Portion of debt related to restricted cash and investments	<u>2,213,779</u>
	<u><u>\$ (8,161,632)</u></u>

The restricted component of net position consists of restricted assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position at December 31, 2014, as follows:

Restricted net position	
Emergencies	\$ 8,500
Debt service	<u>162,343</u>
Total restricted net position	<u><u>\$ 170,843</u></u>

The District's unrestricted net position as of December 31, 2014, totaled \$(21,344,532). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 - RELATED PARTY

Four of the five members of the Board of Directors are employees or contractors directly hired by Northwood Retail LLC. Northwood Retail LLC is the property management company for Northwood Investors. Northwood Investors owns property at Southlands under the following entities: NWSL Town Center LLC, NWSL Power Center LLC, NWSL Developer Parcel LLC, and NWSL Outparcel LLC. Northwood Retail is affiliated with Northwood Investors. These entities and their affiliates may have conflicts of interest in dealing with the District.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 - AGREEMENTS

District IGA

The District and Southlands Metropolitan District No. 2 (District No. 2) entered into an Intergovernmental Agreement dated June 30, 2004, and amended pursuant to a first amendment dated December 7, 2004, and second amendment dated August 24, 2007 (the District IGA), concerning the manner in which the Districts are to coordinate the financing, construction, operation and maintenance of certain Regional Improvements contemplated in the Service Plans. The District IGA sets forth the agreement of the Districts with respect to the equitable allocation of costs associated with certain regional improvements, including improvements to Aurora Parkway, Smoky Hill Road, and certain bridge widening and landscape improvements (Regional Improvements). The District IGA indicates that the District and District No. 2 (collectively, the Districts) made a determination that, because development has not yet commenced in District No. 2, the District shall undertake the construction of the Regional Improvements and it is District No. 2's intent to reimburse the District for District No. 2's equitable share of the costs associated with the Regional Improvements upon District No. 2's issuance of bonds in an amount sufficient to reimburse the District, and the Districts agree that it is appropriate to utilize all or a portion of net bond proceeds for reimbursement.

City of Aurora IGA

On October 30, 2014, the District entered into a Traffic Signal Reimbursement Agreement with the City of Aurora ("City") wherein the City approved the assignment and released Southlands Colorado, LLC from its obligations related to the traffic signals (Orchard Signal and Southlands Parkway Signal). The Orchard Signal has been operational since 2008. However, there is an outstanding balance of \$89,112 which has been assigned to the District. The City agrees to contract for and manage the design and construction of the Southlands Parkway Signal, which costs are estimated at \$290,000. Pursuant to the Agreement, the District agrees to reimburse the City for the costs of the installation of the Traffic Signals in four annual payments, \$100,000 from 2015 through 2017 and an estimated final payment of \$124,932 in 2018. Payment shall be made no later than the 15th day of May of each year. The total reimbursement amount shall include simple interest at the rate of 5% per year, beginning January 1, 2015. The total interest to be paid will be added to the 2018 payment amount. In the event the cost to install the Traffic Signals is more or less than the amount estimated, the amount reimbursable to the City will be adjusted accordingly.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2014. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 - RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property and public officials' liability 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.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

In May 2002, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitation under TABOR.

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

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

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

SUPPLEMENTARY INFORMATION

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 3,836,694	\$ 3,794,216	\$ (42,478)
Specific ownership taxes	268,600	276,206	7,606
Interest income	12,000	6,012	(5,988)
Total revenues	<u>4,117,294</u>	<u>4,076,434</u>	<u>(40,860)</u>
EXPENDITURES			
Bond interest	2,770,644	2,770,644	-
Bond principal	1,125,000	1,125,000	-
Contingency	4,306	-	4,306
County Treasurer's fees	57,550	56,907	643
Paying agent fees	2,500	2,650	(150)
Total expenditures	<u>3,960,000</u>	<u>3,955,201</u>	<u>4,799</u>
NET CHANGE IN FUND BALANCES	157,294	121,233	(36,061)
FUND BALANCES -			
BEGINNING OF YEAR	4,633,735	4,653,935	20,200
FUND BALANCES - END OF YEAR	<u>\$ 4,791,029</u>	<u>\$ 4,775,168</u>	<u>\$ (15,861)</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF OUTSTANDING BONDED DEBT SERVICE
REQUIREMENTS TO MATURITY
December 31, 2014

\$58,940,000 General Obligation
Bonds, Series 2007
Dated July 27, 2007
Interest at 4.000%-5.000%
Payable June 1 and December 1
Principal Due December 1

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,170,000	\$ 2,724,238	\$ 3,894,238
2016	1,305,000	2,665,738	3,970,738
2017	1,365,000	2,602,363	3,967,363
2018	1,510,000	2,535,675	4,045,675
2019	1,580,000	2,465,838	4,045,838
2020	1,730,000	2,392,763	4,122,763
2021	1,810,000	2,312,750	4,122,750
2022	1,970,000	2,229,038	4,199,038
2023	2,060,000	2,137,925	4,197,925
2024	2,245,000	2,033,925	4,278,925
2025	2,360,000	1,920,513	4,280,513
2026	2,555,000	1,801,288	4,356,288
2027	2,685,000	1,672,138	4,357,138
2028	2,905,000	1,536,413	4,441,413
2029	3,055,000	1,383,900	4,438,900
2030	3,300,000	1,223,513	4,523,513
2031	3,475,000	1,050,263	4,525,263
2032	3,745,000	867,825	4,612,825
2033	3,940,000	671,213	4,611,213
2034	8,845,000	464,363	9,309,363
	<u>\$ 53,610,000</u>	<u>\$ 36,691,682</u>	<u>\$ 90,301,682</u>

**SOUTHLANDS METROPOLITAN DISTRICT NO. 1
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2014**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Total Mills Levied</u>			<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General Oper- ations</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>		
2010	\$ 69,230,050 (a)	3.190	50.500	\$ 3,712,924	\$ 3,323,513 *	89.51%	
2011	\$ 71,046,080 (b)	3.190	51.500	\$ 4,214,722	\$ 4,190,724	99.43%	
2012	\$ 70,300,170 (c)	4.961	52.500	\$ 4,023,202	\$ 4,034,122	100.27%	
2013	\$ 69,829,470 (d)	4.190	53.500	\$ 4,015,014	\$ 3,719,378 **	92.64%	
2014	\$ 62,253,640 (e)	4.314	62.034	\$ 4,103,561	\$ 4,058,128 ***	98.89%	
Estimated for year ending December 31, 2015	\$ 61,508,754 (f)	6.348	60.000	\$ 4,062,297			

NOTE:

Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

* Abatements during 2010 totaling \$339,926 reduced the total percentage collected to levied to 89.51%.

** Abatements during 2013 totaling \$295,636 reduced the total percentage collected to levied to 92.64%.

*** Abatements during 2014 totaling \$45,433 reduced the total percentage collected to levied to 98.89%.

(a) - Certified Assessed Value of \$1,265,720 is for Arapahoe County debt only.

(b) - Certified Assessed Value of \$3,358,690 is for Arapahoe County debt only.

(c) - Certified Assessed Value of \$3,289,020 is for Arapahoe County debt only.

(d) - Certified Assessed Value of \$3,209,390 is for Arapahoe County debt only.

(e) - Certified Assessed Value of \$3,033,760 is for Arapahoe County debt only.

(f) - Certified Assessed Value of \$2,943,457 is for Arapahoe County debt only.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
ASSESSED VALUATION OF CLASSES OF PROPERTY OF THE DISTRICT
December 31, 2014
(Unaudited)

<u>Class</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Commercial	\$ 53,851,757	87.55%
Vacant	873,076	1.42%
Personal	5,761,431	9.37%
State assessed	1,022,490	1.66%
	<u>\$ 61,508,754</u>	<u>100.00%</u>

**SOUTHLANDS METROPOLITAN DISTRICT NO. 1
TAXPAYERS IN THE DISTRICT FOR 2014
December 31, 2014
(Unaudited)**

<u>Taxpayer Name</u>	<u>2014 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation (1)</u>
NWSL TOWN CENTER LLC	\$ 19,124,714	31.09%
NWSL POWER CENTER LLC	8,157,411	13.26%
WAL-MART REAL ESTATE BUSINESS	5,135,541	8.35%
BLC-II LLC	3,518,657	5.72%
SAM'S CLUB REAL ESTATE	3,160,590	5.14%
J.C. PENNEY PROPERTIES INC	2,639,321	4.29%
GRANT-AURORA LLC	2,515,171	4.09%
MILE HIGH HOSPITALITY INC	1,305,000	2.12%
GMRI INC	1,044,000	1.70%
LEJ PROPERTIES LLC	934,381	1.52%
	<u>\$ 47,534,786</u>	<u>77.28%</u>

(1) Based on a 2014 certified assessed valuation of \$61,508,754.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT
December 31, 2014
(Unaudited)

<u>Entity</u>	<u>2014 Assessed Valuation</u>	<u>Outstanding General Obligation Debt</u>	<u>Outstanding General Obligation Debt Attributed to the District</u>	
			<u>Percent</u>	<u>Debt</u>
City of Aurora	\$ 2,962,040,450	\$ 2,115,000	2.08%	\$ 43,919
Cherry Creek School District #5	\$ 4,421,534,000	\$ 501,475,000	1.39%	6,976,109
				<u>\$7,020,028</u>