

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2013

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Board of Directors
High Prairie Farms Metropolitan District
Douglas County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the High Prairie Farms Metropolitan District, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 the High Prairie Farms Metropolitan District as of December 31, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

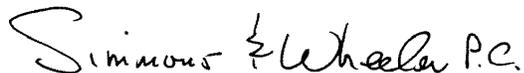
Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 opinions on the basic financial statements are 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 High Prairie Farms Metropolitan District's basis financial statements. 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.

The supplemental information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Centennial, CO
March 5, 2014

BASIC FINANCIAL STATEMENTS

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2013

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,041,502
Cash and investments - Restricted	15,600
Receivable - County Treasurer	3,019
Accrued interest receivable	228
Property taxes receivable	475,606
Prepaid expenses	18,159
Capital assets, not being depreciated	1,832,822
Capital assets, net of accumulated depreciation	1,051,692
Total assets	4,438,628
LIABILITIES	
Accounts payable	29,488
Total liabilities	29,488
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	475,606
Total deferred inflows of resources	475,606
NET POSITION	
Net investment in capital assets	2,884,514
Restricted for:	
Emergency reserves	15,600
Unrestricted	1,033,420
Total net position	\$ 3,933,534

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

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 521,252	\$ -	\$ 11,858	\$ -	\$ (509,394)
	<u>\$ 521,252</u>	<u>\$ -</u>	<u>\$ 11,858</u>	<u>\$ -</u>	<u>\$ (509,394)</u>
General revenues:					
Property taxes					464,021
Specific ownership taxes					38,897
Net investment income					2,779
Other income					7,741
Gain on disposition of equipment					6,100
Total general revenues					<u>519,538</u>
Change in net position					10,144
Net position - Beginning					3,923,390
Net position - Ending					<u>\$ 3,933,534</u>

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2013**

	<u>Governmental Fund</u>
ASSETS	
Cash and investments	\$ 1,041,502
Cash and investments - Restricted	15,600
Receivable - County Treasurer	3,019
Accrued interest receivable	228
Property taxes receivable	475,606
Prepaid expenses	18,159
Total assets	<u>\$ 1,554,114</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 29,488
Total liabilities	<u>29,488</u>
 DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	475,606
Total deferred inflows of resources	<u>475,606</u>
 FUND BALANCES	
Nonspendable:	
Prepaid expenses	18,159
Restricted:	
Emergency reserves	15,600
Assigned:	
Working capital	78,705
Future capital replacement	475,000
Capital outlay - Entryway pond	120,000
Unassigned:	
General government	341,556
Total fund balances	<u>1,049,020</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 fund	2,884,514
Net position of governmental activities	<u>\$ 3,933,534</u>

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

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUND
Year Ended December 31, 2013

	Governmental Fund
REVENUES	
Property taxes	\$ 464,021
Specific ownership taxes	38,897
Conservation trust funds	11,858
Net investment income	2,779
Gain on disposition of equipment	6,100
Other income	7,741
Total revenues	531,396
EXPENDITURES	
Accounting	48,117
Audit	4,200
Christmas lights	4,976
County Treasurer's fees	6,973
Directors' fees	3,200
Insurance	7,523
Legal	25,038
Maintenance - Chemicals and fertilizer	112
Maintenance - Contract	112,524
Maintenance - Equipment repairs and parts	6,112
Maintenance - Fuel and oil	4,354
Maintenance - Other	18,269
Maintenance - Tree spraying	40,120
Maintenance - Sprinkler	915
Maintenance - Weed spraying	10,155
Maintenance - Wild fire land mitigation	92,588
Miscellaneous	1,026
Publications and dues	673
Repairs and maintenance	-
Security	5,411
Sign maintenance	-
Storage facility lease	500
Utilities	5,985
Water	20,089
Website development	1,789
Capital outlay - Equipment purchases	26,201
Capital outlay - Traffic signage	-
Total expenditures	446,850
NET CHANGE IN FUND BALANCES	84,546
FUND BALANCES - BEGINNING OF YEAR	964,474
FUND BALANCES - END OF YEAR	\$ 1,049,020

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2013**

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

Net change in fund balance - Total governmental fund	\$ 84,546
<p>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.</p>	
Capital outlay	26,201
Depreciation	<u>(100,603)</u>
Changes in net position of governmental activities	<u><u>\$ 10,144</u></u>

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

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2013

	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES			
Property taxes	\$ 463,820	\$ 464,021	\$ 201
Specific ownership taxes	30,148	38,897	8,749
Colorado state lottery funds	10,000	11,858	1,858
Net investment income	3,500	2,779	(721)
Gain on disposition of equipment	-	6,100	6,100
Other income	1,000	7,741	6,741
Total revenues	<u>508,468</u>	<u>531,396</u>	<u>22,928</u>
EXPENDITURES			
Accounting	50,000	48,117	1,883
Audit	4,300	4,200	100
Christmas lights	6,000	4,976	1,024
Contingency	9,542	-	9,542
County Treasurer's fees	6,957	6,973	(16)
Directors' fees	3,200	3,200	-
Insurance	8,000	7,523	477
Legal	32,000	25,038	6,962
Maintenance - Chemicals and fertilizer	5,000	112	4,888
Maintenance - Contract	122,000	112,524	9,476
Maintenance - Equipment repairs and parts	10,000	6,112	3,888
Maintenance - Fuel and oil	5,500	4,354	1,146
Maintenance - Other	38,000	18,269	19,731
Maintenance - Tree spraying	50,000	40,120	9,880
Maintenance - Sprinkler	6,000	915	5,085
Maintenance - Weed spraying	8,000	10,155	(2,155)
Maintenance - Wild fire land mitigation	75,000	92,588	(17,588)
Miscellaneous	2,000	1,026	974
Publications and dues	700	673	27
Security	5,000	5,411	(411)
Sign maintenance	10,000	-	10,000
Storage facility lease	500	500	-
Utilities	8,000	5,985	2,015
Water	26,000	20,089	5,911
Website development	-	1,789	(1,789)
Capital outlay - Building	5,000	-	5,000
Maintenance - Erosion repair	20,000	-	20,000
Capital outlay - Equipment purchases	35,000	26,201	8,799
Capital outlay - Fence replacement	3,000	-	3,000
Capital outlay - Detention pond	20,000	-	20,000
Capital outlay - Open space and pocket park	50,000	-	50,000
Capital outlay - Traffic signage	5,000	-	5,000
Capital outlay - Trails and sidewalks	50,000	-	50,000
Capital outlay - Sprinkler replacement - Entryway	5,000	-	5,000
Capital outlay - Contingency	50,000	-	50,000
Total expenditures	<u>734,699</u>	<u>446,850</u>	<u>287,849</u>
NET CHANGE IN FUND BALANCES	(226,231)	84,546	310,777
FUND BALANCES - BEGINNING OF YEAR	915,238	964,474	49,236
FUND BALANCES - END OF YEAR	<u>\$ 689,007</u>	<u>\$ 1,049,020</u>	<u>\$ 360,013</u>

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

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - DEFINITION OF REPORTING ENTITY

High Prairie Farms Metropolitan District (District), a quasi-municipal corporation, was organized on May 5, 1986, 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 was established to provide public services, including streets, safety protection, transportation and park and recreational facilities.

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

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

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. 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 and deferred outflows of resources minus liabilities and deferred inflows of resources of the District is reported as net position.

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Separate financial statements are provided for 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. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets.

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 property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the liability is incurred.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

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

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the 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 a deferred inflow of resources in the year they are levied and measurable. The deferred inflow of resources are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include equipments and infrastructure assets (e.g. parks, trails and similar items), are reported in the governmental activities column in the governmental-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500. 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.

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 estimated economic useful lives:

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Building	30 years
Parks and playground equipment	5-20 years
Lighting and signage	15 years
Equipment	5 years

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. 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.

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 1,041,502
Cash and investments - Restricted	<u>15,600</u>
Total cash and investments	<u>\$ 1,057,102</u>

Cash and investments as of December 31, 2013 consist of the following:

Deposits with financial institutions	\$ 214,388
Investments	<u>842,714</u>
Total cash and investments	<u>\$ 1,057,102</u>

Deposits with Financial Institutions

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, 2013, the District's cash deposits had a bank balance of \$235,572 and a carrying balance of \$214,388.

Investments

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less or three years or less depending upon the type of investment, 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
- . Certain international agency securities
- . 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 and reverse agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2013, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted average under 60 days	\$ 523,477
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>319,237</u>
		<u>\$ 842,714</u>

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (Colostrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colostrust is rated AAAM by Standard & Poor's.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), 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.

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in the District's capital assets for the year ended December 31, 2013, follows:

	Balance at December 31, 2012	Increases	Decreases	Balance at December 31, 2013
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,832,822	\$ -	\$ -	\$ 1,832,822
Total capital assets, not being depreciated	<u>1,832,822</u>	<u>-</u>	<u>-</u>	<u>1,832,822</u>
Capital assets, being depreciated:				
Building	363,721	-	-	363,721
Lighting and signage	322,607	-	-	322,607
Parks and recreation	1,463,645	-	-	1,463,645
Equipment	198,683	26,201	11,849	213,035
Total capital assets, being depreciated	<u>2,348,656</u>	<u>26,201</u>	<u>11,849</u>	<u>2,363,008</u>
Less accumulated depreciation for:				
Building	42,434	12,124	-	54,558
Lighting and signage	113,686	16,223	-	129,909
Parks and recreation	923,361	50,209	-	973,570
Equipment	143,081	22,047	11,849	153,279
Total accumulated depreciation	<u>1,222,562</u>	<u>100,603</u>	<u>11,849</u>	<u>1,311,316</u>
Total capital assets, being depreciated, net	<u>1,126,094</u>	<u>(74,402)</u>	<u>-</u>	<u>1,051,692</u>
Capital assets, net	<u>\$ 2,958,916</u>	<u>\$ (74,402)</u>	<u>\$ -</u>	<u>\$ 2,884,514</u>

Depreciation expense was charged to the general government of the District for the year ended December 31, 2013, in the amount of \$100,603.

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 - LONG-TERM OBLIGATIONS

Authorized Debt

At December 31, 2013, the District had no authorized, unissued debt.

NOTE 6 - INTERGOVERNMENTAL AGREEMENT

The District entered into an agreement in 2000 with Denver Southeast Suburban Water and Sanitation District (DSSWS) for the construction of a pumping station and storage facility (joint use facility). Pursuant to the agreement, the DSSWS would design and construct the joint use facility and lease the storage facility to the District. The lease also contains provisions and a formula for shared maintenance of the facility. No maintenance costs were incurred during 2013. A lease payment of \$500 was made by the District in 2013. The future annual lease payments are \$500 per year through 2098 and may be adjusted for inflation as defined in the agreement.

NOTE 7 - NET POSITION

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

Net investment in capital assets 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, if any. As of December 31, 2013, the District had net investment in capital assets in the amount of \$2,884,514.

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2013 amounting to \$15,600.

The District's unrestricted net position as of December 31, 2013 totaled \$1,033,420.

NOTE 8 - CONSERVATION TRUST FUND

The Conservation Trust Fund represents the net unspent proceeds received from the State Lottery for the Conservation Trust Fund. Changes in the Conservation Trust Fund are as follows:

Balance, December 31, 2012	\$ -
Entitlement	11,858
Net investment income	3
Capital outlay - Open space - Wildfire land mitigation	<u>(11,861)</u>
Balance, December 31, 2013	<u>\$ -</u>

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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). 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.

The District pays annual premiums to the Pool for liability, property, public officials liability and workers compensation 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 which apply to the State of Colorado and all local governments.

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

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

On May 7, 1996, voters approved a revenue change commencing in 1996 and each year thereafter, allowing the District to collect and spend all revenue other than ad valorem property taxes.

On November 5, 1996, voters approved the District to collect and retain all ad valorem property taxes and interest income earned thereon, from a total mill levy not to exceed 12.000 mills, without regard to any spending, revenue raising or other limitations.

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2013**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2009	\$ 42,883,930	12.000	\$ 514,607	\$ 513,751	99.83%
2010	\$ 45,732,610	12.000	\$ 548,791	\$ 547,503	99.77%
2011	\$ 46,162,620	12.000	\$ 553,951	\$ 553,535	99.92%
2012	\$ 38,529,060	12.000	\$ 462,349	\$ 461,956	99.91%
2013	\$ 38,651,700	12.000	\$ 463,820	\$ 464,021	100.04%
Estimated for the year ending December 31, 2014	\$ 39,633,798	12.000	\$ 475,606		