

COLLINS COCKREL & COLE

A PROFESSIONAL CORPORATION

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September 24, 2013

Cary Kennedy
Department of Finance
City and County of Denver
Wellington Webb Municipal Office Bldg.
201 West Colfax, Department 1010
Denver, Colorado 80202

**Re: Westerly Creek Metropolitan District
Annual Report**

Dear Ms. Kennedy:

Please find enclosed the 2012 Annual Information Reports for Westerly Creek Metropolitan District, which is being filed in accordance with Section VII.A of the Service Plan. The Report is also being filed with the Division of Local Government and the State Auditor pursuant to statute. If you have any questions, please don't hesitate to call.

Sincerely,

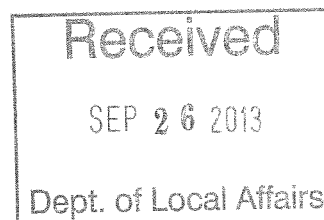


Allison C. Ulmer

Enclosure

cc: Bar Chadwick, City and County of Denver
Cheryl Cohen-Vader
Division of Local Government

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ANNUAL INFORMATION REPORT FOR THE
2012 CALENDAR/FISCAL YEAR
WESTERLY CREEK METROPOLITAN DISTRICT

TO: Chief Financial Officer
Department of Finance
City and County of Denver
Wellington Webb Municipal Office Building
201 West Colfax, Dept. 1010
Denver, Colorado 80202

The following information and documents (attached as exhibits) are provided for calendar/fiscal year 2012 pursuant to Section XII.A of the Service Plan of the Westerly Creek Metropolitan District ("District") as approved by the City Council of the City and County of Denver and filed with the District Court and City Clerk. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings given to such terms in the Service Plan.

A. Annual District Budget.

Attached as **Exhibit A** is a copy of the District's Budget for fiscal year 2012 and the amendment thereto.

B. Annual Construction Schedules.

The District has no construction contracts as of December 31, 2012. All Process of Construction of Infrastructure within the Stapleton Service Area is managed by the Park Creek Metropolitan District ("Park Creek") pursuant to Individual Facilities Development Agreements.

C. Annual Audited Financial Statements of the District.

Attached as **Exhibit C** is a copy of the District's audited financial statements and independent auditor's report for fiscal year 2012.

D. Total Authorized Amount of District Obligations and Total District Obligations Incurred.

The District has been authorized to incur Obligations in the principal amount of \$679,415,000 for each of the following categories of In-Tract Infrastructure improvements (except as noted): street, water, drainage and wastewater, park and recreation, fire and rescue, television relay and translation system, transportation, traffic and safety, and mosquito control (up to \$1,000,000 only). As of

December 31, 2012, the District has incurred no Obligations, except for its contractual obligations to impose an annual property tax levy and to pay all tax collections, together with other pledged revenue, to Park Creek pursuant to the Intergovernmental Financing and Construction Agreement described in **Exhibit G**.

E. Names and Terms of Members of the District’s Board of Directors and Officers.

<u>Name</u>	<u>Office</u>	<u>Term</u>
King H. Harris	Chair/President	2016
Michael P. Kearns	Secretary/Treasurer	2016
John S. Lehigh, Jr.	Vice President/Assistant Secretary & Treasurer	2014
Adam Sommers	Vice President/Assistant Secretary & Treasurer	2014
Vacancy		

F. Rules and Regulations of the District.

The District has not adopted rules and regulations. The District and Park Creek have jointly adopted a Resolution regulating and establishing street maintenance fees and repair charges, which Resolution was included in the Annual Report for 2004.

G. Current Intergovernmental Agreements.

Attached as **Exhibit G** is a list of District intergovernmental agreements, including without limitation the Intergovernmental Financing and Construction Agreement with Park Creek.

H. Contracts for Services or Construction.

The District has no service or construction contracts, except for the contracts with Park Creek listed in **Exhibit G**.

I. Current Documentation of Credit Enhancements.

The District has no credit enhancements.

J. Disclosure Documents for Current Outstanding Obligations.


None.

K. Current Approved Service Plan.

The approved Service Plan of the District was previously filed with the Manager of Revenue and City Clerk. No amendments have been made to the Service Plan.

Respectfully submitted as of this 24th day of September, 2013.

COLLINS COCKREL & COLE

By 
Paul R. Cockrel
Attorney for the District

cc: Board of Directors, Westerly Creek Metropolitan District
State of Colorado, Division of Local Government
State of Colorado, Office of the State Auditor

EXHIBIT A

BUDGET FOR FISCAL YEAR 2012

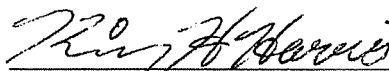
[Attached]

CERTIFICATION OF BUDGET FOR
WESTERLY CREEK METROPOLITAN DISTRICT

TO: THE DIVISION OF LOCAL GOVERNMENT

This is to certify that the budget, attached hereto, is a true and accurate copy of the budget for Westerly Creek Metropolitan District, for the budget year ending December 31, 2012, as adopted on November 17, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Westerly Creek Metropolitan District in the City and County of Denver, Colorado, this 17th day of November, 2011.



King H. Harris, Chair

WESTERLY CREEK METROPOLITAN DISTRICT
2012 BUDGET MESSAGE
December 15, 2011

The budget is prepared using the modified accrual basis of accounting and incorporates assumptions listed below. Westerly Creeks assesses a property tax on Stapleton property and pays all tax revenues to Park Creek Metropolitan District pursuant to an intergovernmental agreement. Pursuant to the same agreement, Westerly Creek expenses are funded by Park Creek.

General Fund

- All revenues are paid to Park Creek and all expenses are paid by Park Creek.
- Tax revenues are based on assessed values certified as final by the county assessor and the mill levy calculated pursuant to the Service Plan.
- Preliminary assessed values for Westerly Creek decreased approximately \$22.5 million as a result of the revaluation of property within the district. This decrease results in a calculated property tax revenue decrease of approximately \$1.2 million.

WESTERLY CREEK METROPOLITAN DISTRICT
2012 BUDGET
GENERAL FUND
December 15, 2011

	2010 Actual	2011 Estimated	2012 Budget
	\$ 269,771,460	\$ 292,671,840	\$ 268,574,240 (2)
Debt service mill levy	53.513	53.395	53.674
Operations & maintenance mill levy	1.655	1.651	1.660
Total mill levy	55.168	55.046	55.334 (2)
REVENUE			
Property tax - general obligation	\$ 14,853,490	\$ 14,823,518	\$ 14,055,100 (3)
Property tax - operations & maintenance	459,386	458,459	434,700 (3)
Specific ownership tax	869,329	884,474	884,500 (3)
Other	-	-	-
	16,182,205	16,166,451	15,374,300 -5.2%
EXPENDITURES / EXPENSES			
Staff services	45,621	44,148	37,300
Office services and supplies	2,620	3,306	3,800
Rent	4,664	4,772	4,400
Rent - Offsite Storage	-	875	1,000
Dues	482	484	600 (4)
Fees	-	-	-
Legal	16,118	5,490	5,900 (5)
Accounting and audit	6,000	10,313	3,400
Other	704	-	-
Treasurer's fees	153,129	152,820	144,900
Insurance expense	2,195	2,078	2,700 (6)
	231,533	224,286	204,000
Excesss of revenue over expenditures	15,950,672	15,942,165	15,170,300
<u>Other financing sources (uses)</u>			
Payments from Park Creek	231,533	224,286	204,000 (1)
Payments (to) Park Creek	(16,182,205)	(16,166,451)	(15,374,300) (1)
	(15,950,672)	(15,942,165)	(15,170,300)
Change in fund balance	-	-	-
Beginning fund balance	-	-	-
Ending fund balance - restricted	-	-	-

BUDGET NOTES

- (1) Pursuant to an intergovernmental agreement with Park Creek Metropolitan District all tax revenues are paid to Park Creek and all expenses are paid by Park Creek.
- (2) Certified assessed value and mill levy based on certified value.
- (3) Tax income budget assumes a 2.5% provision for uncollectible taxes and assessed value adjustments. SO tax is budgeted to equal the prior year's income.
- (4) Annual dues for the Special District Association.
- (5) Legal fees for administrative matters including, but not limited to, board of director meetings, budget hearings, petitions for inclusion and elections.
- (6) General liability, public officials liability, comprehensive crime and non owned/ hired auto liability coverage.

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ALLISON C. ULMER

OF COUNSEL
ERIC C. JORGENSEN

DIRECT E-MAIL
mwadhams@cccfirm.com
DIRECT DIAL
303-218-7206

December 15, 2011

City Council
City and County of Denver
1437 Bannock Street
Denver, Colorado 80202

VIA TELEFAX NO. 720-865-9540

Mr. Paul Jacobs
Denver County Assessor
201 West Colfax Avenue
Department 406
Denver, Colorado 80202

VIA EMAIL RAEAN.WALDHEIM@DENVERGOV.ORG

Re: Westerly Creek Metropolitan District
2012 Mill Levy

Ladies and Gentlemen:

Enclosed is the Certification of Tax Levies for the Westerly Creek Metropolitan District for the 2012 fiscal year.

If you have any questions, please contact this office.

Sincerely,



Micki L. Wadhams
Paralegal

Enclosure

cc: Board Members
Mr. Richard Gonzales
Division of Local Government

CERTIFICATION OF MILL LEVIES

TO: CITY COUNCIL, CITY AND COUNTY OF DENVER, COLORADO

For the year 2012, the Board of Directors of the Westerly Creek Metropolitan District hereby certifies a total levy of 55.334 mills to be extended by you upon the net total District assessed valuation of \$73,870,346 (after subtraction of TIF district total incremental assessed valuation from the total District assessed valuation of \$268,574,240) to produce \$4,087,542 in net tax revenue (and \$14,861,287 in gross tax revenue from such total levy). The levies and revenues are for the following purposes:

	<u>Levy</u>		<u>Gross Revenue¹</u>	<u>Net Revenue</u>
1. General Operating Expenses	<u>1.660</u>	mills	<u>\$ 445,833</u>	<u>\$ 122,625</u>
2. Temporary Mill Levy Rate Reduction (39-1-111.5 CRS)		mills	<u>\$</u>	<u>\$</u>
3. Refunds / Abatements		mills	<u>\$</u>	<u>\$</u>
SUBTOTAL	<u>1.660</u>	mills	<u>\$ 445,833</u>	<u>\$ 122,625</u>
4. General Obligation Bonds and Interest ²	<u>53.674</u>	mills	<u>\$14,415,454</u>	<u>\$3,964,917</u>
5. Contractual Obligations Approved at Election		mills	<u>\$</u>	<u>\$</u>
6. Capital Expenditures (levied pursuant to 29-1-301[1.2] or 29-1-302[1.5], C.R.S.)		mills	<u>\$</u>	<u>\$</u>
TOTAL	<u>55.334</u>	mills	<u>\$14,861,287</u>	<u>\$4,087,542</u>

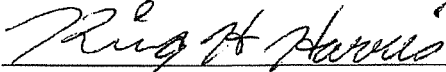
1 Gross tax revenue in the amount of \$14,861,287 will be generated from the total District levy of 55.334 mills on the total District assessed valuation of \$268,574,240. The TIF district incremental portion of such gross tax revenue will be distributed to the Denver Urban Renewal Authority and then disbursed to the Park Creek Metropolitan District pursuant to the Cooperation Agreement dated March 1, 2001, among the Denver Urban Renewal Authority, Park Creek Metropolitan District and Westerly Creek Metropolitan District.

2 Park Creek Metropolitan District Senior Limited Property Tax Supported Revenue Refunding Bonds, Series 2011A, \$47,385,000, at 6% - 6.125%, maturing December 1, 2041; Park Creek Metropolitan District (Tax-Exempt and Taxable) Subordinate Reimbursement Revenue Notes, In-Tract Series 2011A, B and C, \$16,784,480, at 8.5%, maturing June 1, 2051; Park Creek Metropolitan District Junior Lien Reimbursement Revenue Notes, In-Tract Series 2011A and B, \$4,562,342, at 8.362% - 9.5%, maturing December 15, 2045; Park Creek Metropolitan District (Tax-Exempt) Subordinate Reimbursement Revenue Note, In-Tract Series 2010A, \$22,237,799, at 8.5%, maturing December 15, 2049, and (taxable) Subordinate Reimbursement Revenue Notes, In-Tract Series 2010B, C and D, \$18,432,144, at 9.5%, maturing December 15, 2049 - December 15, 2050; Park Creek Metropolitan District Senior Limited Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2009, \$86,000,000, at 4% - 6.59%, maturing December 1, 2037; Park Creek Metropolitan District Junior Lien Reimbursement Revenue Notes, Series 2008A, B and C, totaling \$3,146,011, at 7.875% - 9.5%, maturing December 15, 2043 - December 15, 2045; Park Creek Metropolitan District Senior Limited Property Tax Supported Revenue Refunding Bonds, Series 2005, dated July 13, 2005, \$63,000,000, 4.75% - 5.5%, maturing December 1, 2037; Park Creek Metropolitan District Junior Subordinate Limited Property Tax Supported Revenue Bonds, Series 2005, dated August 16, 2005, \$58,000,000 currently at 8.50%, maturing December 1, 2037; and Park Creek Metropolitan District Subordinate Limited Property Tax Supported Revenue Bonds, Series 2003A and Series 2003B, each dated May 1, 2003, aggregating \$29,000,000, each at 7.875%, maturing December 1, 2032 (such debt are contractual obligations of the Westerly Creek Metropolitan District pursuant to the Intergovernmental Financing and Construction Agreement, dated April 30, 2001, entered into between the Districts.) A combined mill levy is set to pay principal and interest on all bond, notes and other obligations.

Contact Person: Paul R. Cockrel Daytime Phone: 303-986-1551

Other Counties in which the District is located: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the
Westerly Creek Metropolitan District, City and County of Denver, Colorado, this 17th day
of November, 2011.



King H. Harris, Chair

**WESTERLY CREEK METROPOLITAN DISTRICT
RESOLUTION TO AMEND 2012 BUDGET**

WHEREAS, the Board of Directors of Westerly Creek Metropolitan District adopted the budget and appropriated funds for the 2012 fiscal year as follows:

General Fund	\$15,578,300
--------------	--------------

WHEREAS, additional expenditures in the General Fund are necessary resulting in expenditures in excess of appropriations for the 2012 fiscal year; and

WHEREAS, such additional expenditures are contingencies which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures from unanticipated revenue in the General Fund.

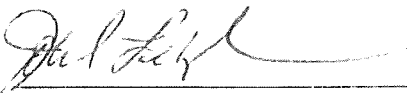
NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Westerly Creek Metropolitan District hereby adopts a supplemental budget and appropriation for the 2012 fiscal year as follows:

General Fund	\$15,821,000
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BE IT FURTHER RESOLVED, that such sums are hereby appropriated for expenditure from any available funds in the General Fund in accordance with the provisions of §29-1-109, C.R.S.


Dated this 28th day of March, 2013.

WESTERLY CREEK METROPOLITAN
DISTRICT

By: 

John Lehigh, Vice President

ATTEST:



Adam Sommers, Assistant Secretary

EXHIBIT B

[RESERVED]

EXHIBIT C

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2012

[Attached]

**WESTERLY CREEK METROPOLITAN DISTRICT
DENVER, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2012



Crady, Puca & Associates

Certified Public Accountants & Consultants

**WESTERLY CREEK METROPOLITAN DISTRICT
DENVER, COLORADO**

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Crady, Puca & Associates

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Westerly Creek Metropolitan District
Denver, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iv, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Crady, Puca & Associates

May 31, 2013
Centennial, Colorado

WESTERLY CREEK METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS

Management of the Westerly Creek Metropolitan District (the District), 7350 E. 29th Avenue, Denver, Colorado offers readers of the District's financial statements this narrative overview and analysis of the financial activity of the District for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

Financial Highlights

- The District is a taxing metro district and as such has limited administrative activities.
- The District is required by intergovernmental agreement with the Park Creek Metropolitan District (Park Creek) to pass all revenues received to Park Creek where they are applied to pay operating expenses and debt service on Park Creek Bonds.
- The District has no net position and owns no capital assets.
- The revenues of the District are generated by a property tax mil levy, which for 2012 was 55.334 mills (53.674 for Park Creek General Obligation Bonds debt service and 1.660 for General Operating Expenses). In addition, specific ownership taxes are received from vehicle registrations.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government – wide financial statement, 2) fund financial statement, and 3) notes to the financial statements. Numbers 1 and 2 are combined in this report.

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

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government – wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to

insure and demonstrate compliance with financing related legal requirements. All of the operations of the District are governmental funds.

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

The District maintains one governmental fund, the General Fund. The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 1-3 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government – wide and fund financial statements.

The notes to the financial statement can be found on pages 4-10 of this report.

Government – wide Financial Analysis

Statement of Net Position

	<u>2012</u>	<u>2011</u>
Assets:		
Receivable from County Treasurer	\$ 71,184	\$ 79,067
Property tax receivable	16,118,988	14,861,398
Total assets	16,190,172	14,940,465
Liabilities:		
Accounts Payable	71,184	79,067
Total liabilities	71,184	79,067
Deferred inflows of resources:		
Unavailable revenue – property taxes	16,118,988	14,861,398
Total deferred inflows of resources	16,118,988	14,861,398
Fund balances / Net position:		
Unrestricted	-	-
Total fund balance / net position	\$ -	\$ -

The receivable from the County Treasurer represents 2012 property tax income to be received in January 2013.

Property tax receivable represents 2012 property tax assessed January 1, 2013 and payable in 2013. This amount is greater than the prior year as a result of an increase in assessed value within the District. Value increases are due to new construction within the district.

Liabilities represent the District's pledge of all revenue to Park Creek.

The District owns no assets, all revenues are pledged to Park Creek and all expenses are funded by Park Creek therefore the District has no net position.

Statement of Activities

The statement of activities reflects the revenues and expenses of the District.

	<u>2012</u>	<u>2011</u>
Revenues:		
Property tax – debt service	\$ 14,380,267	\$ 14,944,997
Property tax - operations	444,751	462,216
Specific Ownership tax	995,673	930,642
Payments from Park Creek	208,965	221,395
Total revenues	<u>16,029,656</u>	<u>16,559,250</u>
Expenses:		
Payments to Park Creek	15,820,691	16,337,855
Other expenses	208,965	221,395
Total expenses	<u>16,029,656</u>	<u>16,559,250</u>
Change in net position	-	-
Net assets, beginning of year	-	-
Net asset, end of year	<u>\$ -</u>	<u>\$ -</u>

Revenues:

- The District is required by intergovernmental agreement with Park Creek to pass all revenue received to Park Creek.
- The District received property tax, net of 1% Treasurer's fee withheld by the City and County of Denver, in the amount of \$14,676,768 in 2012 of which, \$14,236,464 was pledged revenue applied to debt service associated with the Park Creek Limited Property Tax Supported Bonds. Net tax received in 2011 was \$15,253,141. The 2012 decrease is attributable to the decrease in assessed valuation within the District.
- Specific Ownership tax of \$995,673 was received in 2012. This tax is collected from auto registrations within Denver County and is distributed to the District in accordance with statutory provisions. SO tax collected in 2011 was \$930,642. The increase results from increased auto sales as part of the nationwide economic recovery

Expenditures:

- District tax receipts from the General Obligation Bond and Interest mill levy are passed from Park Creek to the Park Creek Bond Trustee and applied to debt obligations per the bond indenture agreements. Park Creek performs all of the administrative functions of the District. Expenses of Westerly Creek are paid by Park Creek from taxes generated from the General Operating Expense mil levy and specific ownership taxes.

- In 2012, District expenses were \$208,965 compared to \$221,395 in 2011. The decrease in expenses is primarily attributable to reductions in staff services expenses.

Budgetary Highlights

Material differences between budget and actual results are identified by fund as follows:

General Fund:

The 2012 budget for the general fund was amended during the year to reflect the following:

- Property tax income was amended to reflect less than budgeted uncollected taxes.
- Total expenditures were amended to reflect increased expenditures for legal fees resulting from increased activity related to new property added to the District and increase treasurer's fees as direct result of greater than budgeted property tax collections.

Requests for Information

This financial report is designed to provide a general overview of the Westerly Creek Metropolitan District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Westerly Creek Metropolitan District contact:

Attn: SDC Services Corp.
VP Finance / Treasurer's Office
7350 E. 29th Ave., Suite 300, Denver, CO 80238

BASIC FINANCIAL STATEMENTS

WESTERLY CREEK METROPOLITAN DISTRICT
Governmental Fund Balance Sheet/Statement of Net Position
December 31, 2012

	<u>General Fund/ Statement of Net Position</u>
Assets:	
Receivable from County Treasurer	\$ 71,184
Property tax receivable	16,118,988
Total assets	<u>16,190,172</u>
Liabilities:	
Accounts payable	22,978
Payable to Park Creek	48,206
Total liabilities	<u>71,184</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	16,118,988
Total deferred inflows or resources	<u>16,118,988</u>
Fund balance/Net position:	
Unassigned/Unrestricted	-
Total fund balance/net position	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this financial statement.

WESTERLY CREEK METROPOLITAN DISTRICT
Governmental Fund Statement of Revenues, Expenditures and Changes in
Fund Balance/Statement of Activities
For the Year Ended December 31, 2012

	<u>General Fund/ Statement of Activities</u>
General revenues:	
Property tax revenues debt service (53.674 mills)	\$ 14,380,267
Property tax revenues operations (1.660 mills)	444,751
Specific ownership taxes	995,673
Total general revenue	<u>15,820,691</u>
Expenditures/expenses:	
Current:	
Treasurer's fees	148,250
Staff services	36,912
Legal fees	8,712
Accounting and auditing	2,100
Professional	2,052
Office rent and storage	5,296
Office services and supplies	2,714
Insurance expense	2,485
Dues	444
Total expenditures/expenses	<u>208,965</u>
Excess of revenues over expenditures/expenses	15,611,726
Other financing sources (uses):	
Payments from Park Creek	208,965
Payments to Park Creek	(15,820,691)
Total other financing sources (uses)	<u>(15,611,726)</u>
Excess of revenues over expenditures/ Changes in net position	-
Fund balance/net position:	
Beginning of year	<u>-</u>
End of year	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

WESTERLY CREEK METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund-
Budget and Actual
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Budget Variance Positive (Negative)</u>
General revenues:				
Property tax revenues:				
Debt service (53.674 mills)	\$ 14,055,100	\$ 14,380,000	\$ 14,380,267	\$ 267
Operations (1.660 mills)	434,700	445,000	444,751	(249)
Specific ownership taxes	884,500	996,000	995,673	(327)
Total general revenues	<u>15,374,300</u>	<u>15,821,000</u>	<u>15,820,691</u>	<u>(309)</u>
Expenditures:				
Treasurer's fees	144,900	148,000	148,250	(250)
Staff services	37,300	37,000	36,912	88
Legal fees	5,900	10,000	8,712	1,288
Accounting and auditing	3,400	2,000	2,100	(100)
Professional	-	-	2,052	(2,052)
Office rent and storage	5,400	5,000	5,296	(296)
Office services and supplies	3,800	3,000	2,714	286
Insurance expense	2,700	2,000	2,485	(485)
Other	-	3,000	-	3,000
Dues	600	-	444	(444)
Total expenditures	<u>204,000</u>	<u>210,000</u>	<u>208,965</u>	<u>1,035</u>
Excess of revenues over expenditures	<u>15,170,300</u>	<u>15,611,000</u>	<u>15,611,726</u>	<u>726</u>
Other financing sources (uses):				
Payments from Park Creek	204,000	210,000	208,965	(1,035)
Payments to Park Creek	<u>(15,374,300)</u>	<u>(15,821,000)</u>	<u>(15,820,691)</u>	<u>309</u>
Total other financing sources (uses)	<u>(15,170,300)</u>	<u>(15,611,000)</u>	<u>(15,611,726)</u>	<u>(726)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

The accounting policies of the Westerly Creek Metropolitan District (the "District"), located in the City and County of Denver (the "City"), Colorado, conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The Westerly Creek Metropolitan District, Denver, Colorado was organized July 13, 2000 pursuant to State of Colorado statutes, and is a quasi-municipal government and political subdivision of the State pursuant to provisions of the Colorado Special District Act. The District cooperates with Park Creek Metropolitan District ("Park Creek") to provide the financing, construction, operation and maintenance of the infrastructure facilities located within the District. The District is the taxing district and Park Creek is the financing, construction and operating district. The District and Park Creek were organized for the completion of infrastructure at the former Stapleton International Airport, a 7.5 square-mile area that once served Denver's aviation needs. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of Park Creek and other state and local governments.

The District is not and has no component units as defined by the GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The District has no employees and contracts for all services.

Recently Issued and Adopted Accounting Pronouncements

In June 2011, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2011. The District adopted GASB Statement 62 in fiscal year 2012.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides financial reporting guidance for reporting deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No 4. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Managements' Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position rather than net assets. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2011. The District adopted GASB Statement 63 in fiscal year 2012.

1. **Summary of Significant Accounting Policies (continued)**

Recently Issued and Adopted Accounting Pronouncements (continued)

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 provides accounting and reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also limits the use of the term deferred to items reported as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012, however, the District elected to early implement GASB Statement No. 65 in fiscal year 2012.

Basis of Presentation

The accompanying financial statements are presented in accordance with GASB Statement No. 34.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the governmental activities of the District, which is supported by tax revenue. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. All tax revenues are transferred to Park Creek.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial* resources or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. The District does not have any fiduciary funds.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District has the following governmental fund type:

General fund – is the general operating fund of the District. It accounts for all financial resources of the District.

1. **Summary of Significant Accounting Policies (continued)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

Intergovernmental Agreement

The District was organized concurrently with Park Creek. Each district has the power to provide streets, water, sanitation, safety controls, park and recreation services and other related improvements to users in the service area located within Westerly Creek's boundaries.

The District has entered into an intergovernmental agreement with Park Creek providing that the District remit all revenues to Park Creek to be used for the financing of construction of in-tract and trunk infrastructure and certain operating and maintenance expenses. To the extent that the District has expenditures, these amounts are funded by Park Creek.

As of December 31, 2012, the District had no net position. All revenue is transferred to Park Creek and all expenditures of the District are funded by Park Creek.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Fair Value of Financial Instruments

The District estimates that the fair value of all financial instruments as of December 31, 2012 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Receivables

The District considered all receivables collectible as of December 31, 2012.

Property Taxes

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments, due February 28 and June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of August 1. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The City and County of Denver bills and collects the property taxes and remits collections on a monthly basis to the District and the Denver Urban Renewal Authority (DURA) of Denver, Colorado. DURA remits the District's share of incremental property tax revenues to the District. No provision has been made for uncollected taxes, as all taxes are deemed collectible. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue as of December 31, 2012 in the amount of \$16,118,988.

1. **Summary of Significant Accounting Policies (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In the current year, the District did not have any items in this reporting category.

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

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classes of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not spendable in form which include items such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's Board of Directors, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District's Board of Directors removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance. This classification reflects the amounts that contain self-imposed constraints to be used for specific purposes but are neither restricted nor committed. The

1. **Summary of Significant Accounting Policies (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Equity (continued)

District's Board of Directors, President and First Vice-President have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources— committed, assigned, and unassigned- in order as needed.

As of December 31, 2012, the District carries no fund balance due to the intergovernmental agreement with Park Creek.

No other fund balance policies exist.

Use of Estimates

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

2. **Stewardship, Compliance and Accountability**

Board of Directors - Employees

The District is currently governed by a five member Board of Directors. Two members are associated with the Stapleton Development Corporation, a Colorado non-profit entity, one of whom is also a homeowner; one member is associated with Forest City Enterprises, Inc. (or any of its affiliates including Forest City Stapleton, Inc. and Stapleton Land, LLC), the developer of all Stapleton property, hereafter referred to as the Developer; and two individual homeowners.

All required accounting and management services are provided by SDC Services Corp., an affiliate of Stapleton Development Corporation.

WESTERLY CREEK METROPOLITAN DISTRICT
Notes to Financial Statements
December 31, 2012

2. Stewardship, Compliance and Accountability (continued)

Budgetary Information

Budgets are adopted on a basis consistent with US GAAP basis. State law requires the District to adopt annual appropriated budgets for all funds. The District conforms to the following procedures in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements.

On or before October 15 of each year, management submits to the Board of Directors a recommended budget.

The "Notice of Proposed Budget" is posted as required. Public hearings are then held at the regular Board of Directors meetings to obtain taxpayer input.

Prior to December 15, the budget is duly adopted through passage of a budget resolution. The Board of Directors must approve revisions that change total expenditures of a fund. One supplemental appropriation was made during the year.

Excess of revenues over expenditures for the year, per the intergovernmental agreement, are paid to Park Creek.

3. Detailed Notes Concerning the Funds

Operating Lease

On November 15, 2010 the District leased office facilities under an operating lease with SDC Services Corp. This lease was effective for five years beginning March 1, 2009 and expiring on February 28, 2014. For the year ended December 31, 2012, total lease expense amounted to \$4,308. Future lease payments are as follows:

Year Ending December 31,	Lease payments
2013	\$ 4,512
2014	756
Totals	\$ 5,268

4. Other Information

TABOR Amendment

In November 1992, Colorado voters approved Amendment 1 to the State Constitution. The amendment is commonly known as the Taxpayer's Bill of Rights or the TABOR Amendment. The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (except bond refundings to lower interest rates and adding employees to pension plans). The amendment does not apply to units of local government that are defined as an "Enterprise."

The amendment also requires the District to establish an "Emergency Reserve" which must be equal to 3% of current year's revenue. No amount has been reserved as all District revenues are pledged to retire bonded debt.

The District believes that it is in compliance with the provisions of TABOR as it is currently understood. Many of the provisions may not become fully understood without judicial review.

Related Parties

The Developer engaged to carry out the development plan on the property formerly known as the Stapleton International Airport is represented on the Board of Directors of the District. The Developer oversees the development of infrastructure for Park Creek through the Management Services Agreement dated April 30, 2001.

SDC Services Corp. is a not-for-profit organization that offers management and office services to other not-for-profit entities related to the development of the former Stapleton International Airport. All required accounting and management services for the District are provided by SDC Services Corp. For the year ended December 31, 2012, the District paid SDC Services Corp. \$36,912 for these services and at December 31, 2012, the District owed the SDC Services Corp. \$204 related to this activity.

Risk Management

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) that is sponsored by the Special District Association of Colorado. The Pool provides general liability, public official's liability, boiler and machinery, workman's compensation coverage, automobile physical damage and crime coverage to its members.

The District pays annual premiums to the Pool for general liability and public official's liability coverage. Members of the Pool may be required to make additional surplus contributions. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members following a distribution formula. During the year ended December 31, 2012, the Pool made no distributions to the District. Settled claims have not exceeded this coverage in any of the past three fiscal years.

5. Date of Management's Review

Management has evaluated subsequent events through May 31, 2013, the date on which the financial statements were available to be issued.

EXHIBIT D

[RESERVED]

EXHIBIT E
[RESERVED]

EXHIBIT F

[RESERVED]

EXHIBIT G

INTERGOVERNMENTAL AGREEMENTS

A. Park Creek Metropolitan District

1. Financing and Construction Agreement dated April 30, 2001.
Term: Dissolution of Park Creek Metropolitan District.
2. Cooperation Agreement dated March 1, 2001, as amended April 30, 2001, for provision of public improvements.
Term: Until expiration of Tax Increment Revenue provisions in Urban Redevelopment Plan.

B. Denver Urban Renewal Authority

Cooperation Agreement dated March 1, 2001, as amended April 30, 2001, for provision of public improvements.
Term: Until expiration of Tax Increment Revenue provisions in Urban Redevelopment Plan.

C. Colorado Special Districts Property & Liability Pool

Insurance Agreement

Term: Indefinite

EXHIBIT H

[RESERVED]

EXHIBIT I
[RESERVED]

EXHIBIT J

[RESERVED]

EXHIBIT K

[RESERVED]