

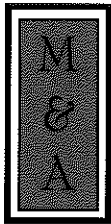
**TrailMark Metropolitan District  
Lakewood, Colorado**

**Financial Statements  
December 31, 2005**

**TrailMark Metropolitan District  
Financial Statements  
December 31, 2005**

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## INDEPENDENT AUDITOR'S REPORT

### **Board of Directors TrailMark Metropolitan District Littleton, Colorado**

We have audited the accompanying financial statements of the governmental activities and each major fund of the TrailMark Metropolitan District (the "District") as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 TrailMark Metropolitan District as of December 31, 2005 and the respective changes in financial position, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The District has not presented a Management's Discussion and Analysis that U.S. generally accepted accounting principles has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

The budgetary fund information for the General Fund in Section D is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This budgetary fund information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TrailMark Metropolitan District's basic financial statements. The budgetary comparisons for the Debt Service and Capital Project Funds, the Schedule of Assessed Valuation, Mill Levy, and Property Taxes Collected, and the Schedule of Debt Service Requirements to Maturity in Section E are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McMahan and Associates, LLC.*

**McMahan and Associates, LLC  
February 28, 2006**

*Performing services for local governments throughout Colorado*

D. Jerry McMahan, C.P.A.  
Paul J. Backes, C.P.A.

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National and Colorado Government Finance Officers Association/Colorado Municipal League

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TrailMark Metropolitan District**  
**Governmental Funds Balance Sheet/Statement of Net Assets**  
**December 31, 2005**

	Balance Sheet			Statement of Net Assets
	General Fund	Debt Service Fund	Capital Projects Fund	
<b>Assets:</b>				
Cash and investments	317,532	89,902	-	407,434
Receivables, net of allowance for uncollectible accounts:				
Property taxes	522,787	1,010,054	-	1,532,841
Other	13,220	-	-	13,220
Bond issue costs, net of accumulated amortization	-	-	-	267,909
Capital assets, net of accumulated depreciation	-	-	-	5,538,093
<b>Total Assets</b>	<u>853,539</u>	<u>1,099,956</u>	<u>-</u>	<u>7,759,497</u>
<b>Liabilities:</b>				
Accounts payable	19,795	-	-	19,795
Deferred property tax revenues	522,787	1,010,054	-	1,532,841
Premium on bonds payable, net of accumulated amortization	-	-	-	193,981
Accrued interest payable	-	-	-	248,237
Bonds payable:				
Due within one year	-	-	-	545,000
Due in more than one year	-	-	-	6,471,616
Notes payable - Due in more than one year	-	-	-	1,855,115
<b>Total Liabilities</b>	<u>542,582</u>	<u>1,010,054</u>	<u>-</u>	<u>10,866,585</u>
<b>Fund Balances/Net Assets:</b>				
<b>Fund Balances:</b>				
Reserved for emergencies	29,400	-	-	(29,400)
Unreserved	281,557	89,902	-	(371,459)
<b>Total Fund Balances</b>	<u>310,957</u>	<u>89,902</u>	<u>-</u>	<u>(400,859)</u>
<b>Total Liabilities and Fund Balances</b>	<u>853,539</u>	<u>1,099,956</u>	<u>-</u>	<u>1,953,495</u>
<b>Net Assets:</b>				
Restricted for emergencies				29,400
Unrestricted				(3,136,488)
<b>Total Net Assets</b>				<u>(3,107,088)</u>

The accompanying notes are an integral part of these financial statements.  
B1

**TrailMark Metropolitan District**  
**Statement of Governmental Fund Revenues, Expenditures**  
**and Changes in Fund Balances/Statement of Activities**  
**For the Year Ended December 31, 2005**

Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances						
	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues:</b>						
Property taxes	499,498	965,675	-	1,465,173	-	1,465,173
Specific ownership taxes	142,075	-	-	142,075	-	142,075
Park and recreation fees	244,830	-	-	244,830	-	244,830
HOA reimbursement	64,519	-	-	64,519	-	64,519
Net investment income	11,636	14,881	337	26,854	-	26,854
<b>Total Revenues</b>	<b>962,558</b>	<b>980,556</b>	<b>337</b>	<b>1,943,451</b>	<b>-</b>	<b>1,943,451</b>
<b>Expenditures/Expenses:</b>						
Accounting and audit	14,810	500	-	15,310	-	15,310
District management	61,257	-	-	61,257	-	61,257
Legal	35,083	-	-	35,083	-	35,083
Insurance	7,507	-	-	7,507	-	7,507
Office supplies	3,179	-	-	3,179	-	3,179
Maintenance and repairs	226,364	-	-	226,364	(8,150)	218,214
County Treasurer's fees	7,499	14,488	-	21,987	-	21,987
Utilities	37,441	-	-	37,441	-	37,441
Other	245	-	-	245	-	245
Developer advance reimbursement	370,000	230,000	-	600,000	(600,000)	-
Wetlands compliance fees	17,371	-	-	17,371	-	17,371
Depreciation	-	-	-	-	127,264	127,264
Amortization	-	-	-	-	52,321	52,321
Debt service:						
Principal payments	-	525,000	-	525,000	(525,000)	-
Interest	-	219,136	-	219,136	142,731	361,867
<b>Total Expenditures/Expenses</b>	<b>780,756</b>	<b>989,124</b>	<b>-</b>	<b>1,769,880</b>	<b>(810,834)</b>	<b>959,046</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>181,802</b>	<b>(8,568)</b>	<b>337</b>	<b>173,571</b>	<b>810,834</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>						
Transfers - Internal activity	26,251	-	(26,251)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>26,251</b>	<b>-</b>	<b>(26,251)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	<b>208,053</b>	<b>(8,568)</b>	<b>(25,914)</b>	<b>173,571</b>	<b>(173,571)</b>	<b>-</b>
<b>Change in Net Assets</b>					<b>984,405</b>	<b>984,405</b>
<b>Fund Balances/Net Assets:</b>						
Beginning of the year	102,904	98,470	25,914	227,288		(4,091,493)
End of the year	310,957	89,902	-	400,859		(3,107,088)

**NOTES TO THE FINANCIAL STATEMENTS**

**TrailMark Metropolitan District  
Notes to the Financial Statements  
December 31, 2005**

**I. Summary of Significant Accounting Policies**

**A. Organization**

The TrailMark Metropolitan District (the "District"), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District is located in Jefferson County, Colorado, and entirely within the City of Littleton (the "City"). The District was established to finance the construction of water, irrigation, sanitary sewer and drainage systems, park and recreation, street, and safety protection improvements, and streetscapes, as well as to operate and maintain the streetscape.

The amended service plan approved by the City for the District restricts the District as follows:

- The District shall not levy a property tax mill rate greater than 55 mills of which a maximum of 47 mills can be used for debt service. The mill levy may be adjusted to take into account legislative or constitutionally imposed adjustments in assessed value for the method of their calculation from a base of 1998, at any time.
- Bond proceeds may not be used for operations and maintenance.
- Bonds to be issued are \$8.5 million with a repayment period not to exceed 30 years from issuance. The bonds shall include a repayment provision that all amount of principal and interest which have not been repaid within a thirty year period, from the date of issuance, including those amounts which have accrued, shall be discharged and forgiven.
- No fees, rates, tolls, penalties or charges for debt service may be imposed until 40 single family residences have been certified for occupancy by the City. The District may charge a development fee not to exceed \$3,000 to be adjusted from 1993 dollars for debt service.
- Limited sewer service to 854 single family equivalent taps.
- Initiates dissolution of the District at such time as debt is repaid.

The District is dependent on major property owners and developers to provide cash for capital projects.

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

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



**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

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

**B. Reporting Entity**

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

The District has no component units, and it is not a component unit of any other entity.

**C. Government-wide and Fund Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

**1. Government-wide Financial Statements**

In the Governmental Funds Balance Sheet/Statement of Net Assets, the Statement of Net Assets column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities. The effect of interfund activity has been eliminated from the government-wide financial statements.

**2. Fund Financial Statements**

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

The District reports the following governmental funds:

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

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

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

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

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

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

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

**1. Long-term Economic Focus and Accrual Basis**

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

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., 60 days). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**E. Financial Statement Accounts**

**1. Cash and Investments**

Cash is defined as deposits that can be withdrawn at any time without notice or penalty. Investments for the District are comprised of those with original maturities of three months or less.

The District follows the practice of pooling cash and investments of excess funds to maximize interest 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 to the participating funds based on each fund's average equity balance in pooled cash.

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance has been established at December 31, 2005 as all accounts are considered to be collectible.

**3. Property Taxes**

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

**TrailMark Metropolitan District  
Notes to the Financial Statements  
December 31, 2005  
(Continued)**

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

**E. Financial Statement Accounts (continued)**

**4. Bond Issue Costs**

Issue costs for bonds are deferred and amortized over the terms of the bonds using the straight-line method.

**5. Capital Assets**

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

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is not capitalized as part of the value of the assets.

Infrastructure and landscaping improvements are depreciated using the straight line method over an estimated useful life of 50 years.

**6. Long-term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets column. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the bonds outstanding method and are reported separately from bonds payable.

**7. Restricted Fund Balance**

Governments report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The District had a restricted fund balance of \$29,400 for emergencies as required under the Taxpayer's Bill of Rights ("TABOR"), which is subsequently explained.

Pursuant to an agreement between First City Realty Investment Corporation, TrailMark Master Homeowners Association, Denver Botanic Gardens, Inc. (the "Gardens"), and the District, entered into in December 1997, the District has reserved \$25,000 for the sole benefit of the Gardens to be withdrawn by the Gardens to pay the costs of maintenance work on Ponds A, B, and G and the Stormwater Diversion Structures not performed by, but required of the District under the terms of the agreement. The District is released from its obligations under the agreement as of December 31, 2005.

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.

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the Governmental Funds Balance Sheet and the government-wide Statement of Net Assets**

The Governmental Funds Balance Sheet/Statement of Net Assets includes an adjustment column. Explanations of adjustments included in this column are as follows:

Bond issue costs related to governmental activities are not financial resources and are therefore not reported in the funds.

Bond issue costs, net	\$ 267,909
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.

Capital assets, net	\$ 5,538,093
---------------------	--------------

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

Premium on bonds payable, net	\$ 193,981
Accrued interest payable	248,237
Bonds payable:	
Due within one year	545,000
Due in more than one year	6,471,616
Notes payable	1,855,115

**B. Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities**

The Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities include an adjustment column. Explanations of the adjustments included in this column are as follows:

Governmental funds report capital outlay as expenditures when paid. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense and capital outlay were as follows:

Depreciation	\$ 127,264
Capital outlay	(8,150)

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

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

**B. Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities (continued)**

Governmental funds report bond issue costs as expenditures when paid. However, in the Statement of Activities, the cost of those assets is allocated over the term of the underlying bonds as amortization expense.

Amortization expense	\$ 52,321
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The repayment of note payable principal is expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Assets. The following is the amount of the repayments:

Bond principal	\$ (525,000)
Developer advance principal	(349,265)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are therefore not recorded as expenditures in governmental funds.

Debt service interest	\$ 142,731
-----------------------	------------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and similar items (e.g., refunding costs), whereas these amounts are deferred and amortized in the Statement of Activities.

**III. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budgets for the governmental funds are adopted on a basis consistent with GAAP.

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

- (1) For the 2005 budget year, prior to August 25, 2004, the County Assessor sent to the District the assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, only once by a single notification to the District.

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

- (2) On or before October 15, 2004, the District's manager submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2005 budget, prior to December 15, 2004, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) it may approve emergency appropriations; and (d) it may reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2004 were collected in 2005 and taxes certified in 2005 will be collected in 2006. Taxes are due on January 1<sup>st</sup> in the year of collection; however, they may be paid in either one installment (no later than April 30<sup>th</sup>) or two equal installments (not later than February 28<sup>th</sup> and June 15<sup>th</sup>) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15<sup>th</sup>.

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

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

For fiscal year 2005, the District amended the Capital Projects Fund appropriation from \$0 to \$27,000.

**B. TABOR Amendment**

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

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment (continued)**

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved \$29,400 of its December 31, 2005, year-end fund balance as required under TABOR.

On November 2, 1993, the District's voters approved the collection and spending of up to \$540,000 annually of development fees, and \$180,000 annually of capital improvement fees after the forty-first (41<sup>st</sup>) certificate of occupancy is issued for single family residences, with both revenues in excess of any limits imposed by TABOR.

On November 3, 1998, the District's voters approved an increase in District taxes to \$500,000 annually for coverage of operations, maintenance and other expenses without regard to any spending, revenue-raising or other limitation contained within TABOR or Section 29-1-301, Colorado Revised Statutes ("C.R.S.").

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

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

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

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

**2. Investment Pool**

Colorado statutes specify instruments that local governments may invest, and include:

- Obligations of the U.S. and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Investments in local government investment pools are recorded at fair value and are not categorized as to level of credit risk because they are not evidenced by securities that exist in physical or book entry form.

**Interest Rate Risk.** The District limits its investments to savings accounts and investment pools (explained below) where each share is equal to one dollar and the District avoids interest rate risk.

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

**Concentration of Credit Risk.** The District invests most funds in 2a7-like pools and thus avoids a concentration of credit risk.

As of December 31, 2005, the District had \$359,646 invested in the Colorado Local Government Liquid Asset Trust (the "Trust") 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 the 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.



TrailMark Metropolitan District  
Notes to the Financial Statements  
December 31, 2005  
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Type	Rating	Carrying Amount	Maturities	
			Less Than One Year	Less Than Five Years
<i>Deposits:</i>				
Checking		\$ 47,788		
<i>Investments:</i>				
Colotrust	AAAm	359,646	359,646	
		<u>\$ 407,434</u>		

B. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, not being depreciated:				
Water rights	\$ 23,984	-	-	23,984
Total capital assets not being depreciated	<u>23,984</u>	<u>-</u>	<u>-</u>	<u>23,984</u>
Capital assets, being depreciated:				
Infrastructure and landscaping	6,355,067	8,150	-	6,363,217
Total capital assets being depreciated	<u>6,355,067</u>	<u>8,150</u>	<u>-</u>	<u>6,363,217</u>
Less accumulated depreciation for:				
Infrastructure and landscaping	(721,844)	(127,264)	-	(849,108)
Total accumulated depreciation	<u>(721,844)</u>	<u>(127,264)</u>	<u>-</u>	<u>(849,108)</u>
Total capital assets, being depreciated, net	<u>5,633,223</u>	<u>(119,114)</u>	<u>-</u>	<u>5,514,109</u>
<b>Total Capital Assets, Net</b>	<u>\$ 5,657,207</u>	<u>(119,114)</u>	<u>-</u>	<u>5,538,093</u>

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**B. Capital Assets (continued)**

The District's Service Plan requires the transfer of water lines and assets, when completed, to the Denver Water Board under the City's total service contract. Sanitation lines and assets are to be transferred when completed to Ken-Caryl Ranch Water and Sanitation District ("Ken-Caryl"). Acquired easements are for the benefit and ownership of these two utilities. Streets are to be transferred to the City for perpetual maintenance and ownership. Certain park and recreation improvements are to be transferred to South Suburban Park and Recreation District ("South Suburban") pursuant to agreement (see note V.A.3.). Upon final acceptance of the improvements by the accepting governmental entity, the District will remove the costs from its accounting records. Final acceptance can range from one to five years after completion of construction. The District is obligated to maintain certain storm drainage and reservoir safety improvements transferred to the above entities. Offsite water improvements constructed for the benefit of the City as required by the Service Plan approved by the City have not been capitalized. In addition to the above assets, the District was assigned ownership interests in a portion of certain water rights by Shea Homes Limited Partnership (the "Developer") which rights the District accepted based on their value to the aesthetic integrity of the associated storage reservoirs within the District. Other entities own portions of the applicable water rights.

**C. Interfund Transfers**

During 2005, the Capital Projects Fund transferred \$26,251 to the General Fund for pond maintenance.

**D. Long-term Debt**

**1. Limited Tax General Obligation Refunding Bonds, Series 2003 (the "2003 Bonds")**

The District issued \$8,334,977 of Limited Tax General Obligation Refunding bonds dated July 10, 2003 to refund Limited Tax General Obligation Bonds, Series 1999 (the "1999 Bonds"). This bond issue includes \$7,725,000 of current interest bonds ("CIBs") with interest rates ranging from 2.00% to 3.75%. Commencing December 1, 2003, interest on CIBs is payable on June 1 and December 1 through 2018. The principal on the bonds is payable on December 1 and matures in various increments from 2004 through 2009 and from 2012 through 2018. The bonds also include \$609,977 of capital appreciation bonds ("CABs"), which mature at \$590,000 (including interest) on December 1 in 2010 and 2011.

The bonds are limited tax general obligations of the District, payable from ad valorem taxes to be imposed, at a total rate not to exceed 50.031 mills, adjusted for any changes in law and changes in the assessment ratio.

The CIBs are subject to redemption prior to maturity at the option of the District. The CABs are not subject to prior redemption.

\$595,844 of deferred refunding costs were recognized as a result of this refunding. These costs, an asset, are being amortized over the life of the refunding bonds and are netted with bonds payable on the government-wide financial statements.

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Long-term Debt (continued)**

**2. Advance and Reimbursement Agreement**

In previous years, the District's revenue was not sufficient to pay the debt service requirements of the 1999 Bonds. The Developer and the District entered into an Advance and Reimbursement Agreement dated May 1, 1999, (the "Reimbursement Agreement"), amended on July 1, 2003 and on November 16, 2004, under which the Developer agreed to advance sufficient funds and to provide a qualifying letter of credit so that the requirements of the reserve fund was met for the 1999 Bonds. The obligation of the District to repay the amounts advanced by the Developer under the Reimbursement Agreement constitutes a limited tax general obligation of the District but is subordinate to the 2003 Bonds.

An advance which is used to pay interest or premium on the 1999 Bonds and all amounts advanced by the Developer for the reserve fund shall be referred to as an Election Advance. An advance which is used to pay principal of the bonds shall be considered a refinancing and shall be referred to as a Refunding Advance.

The District agreed that each Refunding Advance will bear interest at the rate of 5.6% per annum and that each Election Advance will bear interest at the rate of 7.5% per annum. The District is to pay to the Developer from the District's maximum debt service mill levy, the amount of each advance and accrued interest thereon, provided that the District's obligations to the Developer are subordinate to its obligations in connection with the 2003 bonds. The District shall not impose development fees, including without limitation, availability of service or facilities charges, system development or similar fees, on the Developer or any other developer or builder for the purpose of reimbursing Election Advances and Refunding Advances. Each advance, together with any accrued but unpaid interest thereon, and interest on the unpaid amount shall be due in full within twenty years from the date of such advance. Payments on advances shall be applied first to interest due on Election Advances, second to principal due on Election Advances, third to interest due on Refunding Advances, and fourth to principal due on Refunding Advances. To the extent permitted by law, interest on unpaid advances and unpaid interest shall bear interest at the rate on the election advance and refunding advance, respectively. During 2005, the District repaid \$230,000 on Election Advance Note, of which \$215,025 and \$14,975 was applied to principal and interest, respectively.

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Long-term Debt (continued)**

**3. Operations and Maintenance Funding (continued)**

All funds advanced by the Developer will be repaid as follows: first from the proceeds of any publicly traded bonds; and second, from a debt service mill levy of 47 mills, amended to 66.027 mills ("Maximum Mill Levy") on January 18, 2005. The repayments will be made after payment of the District's outstanding 2003 general obligation bonds and associated Developer advances (election and refunding advances). The payments made to the Developer shall apply first to unpaid interest due on Election Advances, second to the principal on Election Advances, third to interest due on Refunding Advances, and fourth to principal due on Refunding Advances. The Maximum Mill Levy shall be allocated as follows: first, a mill levy in the Debt Service Fund in an amount sufficient to pay debt service on the 2003 Bonds; second, a mill levy in the Debt Service Fund to be applied toward amounts owing for Election Advances; third, a mill levy in the General Fund sufficient to generate up to \$500,000 in the General Fund; and fourth, the remaining mills shall be levied in the Debt Service Fund to pay amounts due for Refunding Advances. Developer advances shall accrue simple interest at the rate of 7.5% from the date of the advance. Until all amounts have been repaid to the Developer, the District shall not issue any additional bonds without the Developer's prior written consent.

In 1998 and 1999 the District received operation and maintenance funding advances from the Developer. The advances accrue interest at a rate of 7.5% annually. It is the Board's intention to repay these advances to the Developer when and if the funds become available after meeting debt service obligations related to the 1999 bond issue. If the 1998 Advances are not paid by December 31, 2028 and the 1999 Advances are not paid by December 31, 2029, such unpaid amounts shall be discharged and from and after such respective dates, the Developer shall have no right to receive such amounts and the District shall have no obligation to pay such amounts. The District's obligation to reimburse the Developer is subject to annual budget and appropriation. During 2005, the District repaid \$149,450 on Operations and Maintenance Funding, of which \$134,240 and \$15,210 was applied to principal and interest, respectively. The Operations and Maintenance Funding agreement is paid-in-full as of December 31, 2005 and is no longer an obligation of the District.

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Long-term Debt (continued)**

**4. Project Funding Agreement**

On December 20, 2000, the District and the Developer entered into a project funding agreement, amended on January 18, 2005. The Developer has agreed to fund actual costs of construction and installation of certain improvements in an amount not to exceed \$2,298,736 plus negotiation and administration costs. All funds advanced by the Developer will be repaid as follows: first from the proceeds of any publicly traded bonds; and second, from a debt service mill levy of 47 mills, amended to 66.027 mills ("Maximum Mill Levy") on January 18, 2005. The repayments will be made after payment of the District's outstanding 2003 general obligation bonds and associated Developer advances (election and refunding advances). The payments made to the Developer shall apply first to unpaid interest due on Election Advances, second to the principal on Election Advances, third to interest due on Refunding Advances, and fourth to principal due on Refunding Advances. The Maximum Mill Levy shall be allocated as follows: first, a mill levy in the Debt Service Fund in an amount sufficient to pay debt service on the 2003 Bonds; second, a mill levy in the Debt Service Fund to be applied toward amounts owing for Election Advances; third, a mill levy in the General Fund sufficient to generate up to \$500,000 in the General Fund; and fourth, the remaining mills shall be levied in the Debt Service Fund to pay amounts due for Refunding Advances. Developer advances shall accrue simple interest at the rate of 7.5% from the date of the advance. Until all amounts have been repaid to the Developer, the District shall not issue any additional bonds without the Developer's prior written consent. The agreement terminates on December 31, 2020. The District's obligation to reimburse the Developer is subject to annual budget and appropriation. During 2005, the District paid \$220,550 in interest under the Project Funding Advance Agreement.

**5. Annual Debt Service Requirements**

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 545,000	204,186	749,186
2007	560,000	193,286	753,286
2008	560,000	182,086	742,086
2009	575,000	169,766	744,766
2010	317,750	428,216	745,966
2011-2015	2,777,227	965,291	3,742,518
2016-2018	2,080,000	155,988	2,235,988
<b>Total</b>	<b>\$ 7,414,977</b>	<b>2,298,819</b>	<b>9,713,796</b>

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Long-term Debt (continued)**

**6. Changes in Long-term Obligations**

The following table presents changes in the District's long-term obligations for the year ended December 31, 2005.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2003 G.O. Bonds	\$ 7,939,977	-	(525,000)	7,414,977	545,000
Developer operations and maintenance funding	134,240	-	(134,240)	-	-
Accrued interest	10,466	4,744	(15,210)	-	-
Election Advance note	307,499	-	(215,025)	92,474	-
Accrued interest	569	17,009	(14,975)	2,603	-
Refunding Advance note	525,000	-	-	525,000	-
Accrued interest	105,049	29,400	-	134,449	-
Project Funding Advance	1,237,641	-	-	1,237,641	-
Accrued interest	221,895	92,823	(220,550)	94,168	-
	<u>\$ 10,482,336</u>	<u>143,976</u>	<u>(1,125,000)</u>	<u>9,501,312</u>	<u>545,000</u>
Less: Deferred refunding costs, net of accumulated amortization				<u>(398,361)</u>	
				<u>9,102,951</u>	

**7. Debt Authorization**

At an election held November 2, 1993, the District's voters approved an increase of the District's debt by \$4,500,000 in order to fund the construction of certain improvements in the District by the issuance of general obligation bonds or other evidence of indebtedness. In accordance with a 1998 Service Plan Amendment, the District was authorized to issue additional debt. At an election held November 3, 1998, the District's voters approved a re-authorization and increase of the District's 1993 debt to \$10,200,000 for the financing and refinancing of the construction of the District improvements by the issuance of general obligation bonds, notes, contracts, loan agreements, or other forms of indebtedness. As of December 31, 2005, the District had issued \$8,334,977 of general obligation bonds. The remaining authorization is reserved for reimbursement of developer election advances.

**V. Other Information**

**A. Intergovernmental and Other Agreements**

**1. Intergovernmental Subdivision Improvement Agreements**

The District had entered into Intergovernmental Subdivision Improvement Agreements with the City in order to provide infrastructure improvements within the District's boundaries. These agreements were terminated at the end of 2005.

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**V. Other Information (continued)**

**A. Intergovernmental and Other Agreements (continued)**

**2. South Suburban Park and Recreation District Intergovernmental Agreement**

On November 11, 1998, the District entered into an agreement with South Suburban Park and Recreation District ("South Suburban") in which the District agreed to construct or acquire approximately \$1,400,000 of regional recreational improvements. The District, through 2005, was responsible for maintenance of the improvements. South Suburban agreed to pay the District on March 1 of each year 90% of all real property tax generated from its operation and maintenance mill levy collected from real property located in the District's boundaries during the previous calendar year for maintenance of the regional improvements. Local recreational improvements were to be funded, owned and maintained by the District. It was anticipated that the TrailMark Master Homeowners Association would maintain any of the local recreation landscape improvements along right of ways.

The agreement was amended on December 14, 2005, effective January 1, 2006, to convey ownership and maintenance of all of the recreation improvements to South Suburban and to end the sharing of the lottery-lotto revenue and property tax revenue generated from the operations and maintenance mill levy imposed by South Suburban. The District is not permitted to create a conservation trust fund or take any action that would jeopardize South Suburban's eligibility for lottery-lotto revenue.

Additionally under the 2005 amendment, the District agrees to pay a not-to-exceed amount of \$30,000 for the trail connection/bridge across the Fairview No. 2 inlet channel, and a not-to-exceed amount of \$25,000 for trail modifications and drainage improvements on the trail in the vicinity of Pond G. All work shall be completed by South Suburban by December 31, 2006.

**3. TrailMark Homeowner's Association, Inc. - Irrigation Agreement**

On June 1, 2001, the District entered into an Irrigation Agreement with the TrailMark Homeowner's Association, Inc. (the "Association"), in which the District agreed to provide irrigation water to the property within the District, including certain property owned by the Association, and maintain the irrigation equipment, fixtures and lines, including repair and replacement of same in exchange for the Association's payment of its share of the water, associated utility costs, and maintenance of the irrigation equipment, fixtures and lines located within the property owned by the Association, including repair and replacement of same. This agreement was terminated at the end of 2005 so that the Association will provide water and maintain the irrigation equipment and no longer pay the District for these services.

**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**V. Other Information (continued)**

**A. Intergovernmental and Other Agreements (continued)**

**4. TrailMark Homeowner's Association, Inc. - Maintenance Agreement**

On September 17, 2001, the District entered into a maintenance agreement with the Association in which the District agreed to perform or contract to have performed the maintenance, repair and replacement of the landscape improvements within the boundaries of the District, which includes property owned by the Association, and in which the Association agreed to pay for a portion of that landscape maintenance costs attributable to it. The parties agreed to enter into an annual contract for basic monthly maintenance, repair, and replacement services. In the event of emergency repairs, the District had the authorization to complete those repairs and charged the Association an administrative fee which was three percent of the total monthly amount billed to the Association. This agreement was not renewed for 2006. The Association will provide most of the landscaping maintenance beginning in 2006 and the District will pay 10% of the cost of the landscaping maintenance.

**B. Related Party Transactions**

Two members of the Board of Directors are officers or employees of owners (or affiliated entities) of property within the District. These members may have conflicts of interest with respect to certain transactions which come before the Board.

**C. Risk Management**

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions.

The District is a member of the Colorado Special District Property and Liability Pool (the "Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials liability, property, general and automobile liability coverage for claims up to \$1,000,000, except if the claim falls within the governmental immunity statute, then the coverage is \$150,000 per person and a \$600,000 aggregate claim. The Pool is self insured for the first \$50,000 of all property claims and 100% for claims in excess of \$50,000. For general liability claims, the Pool is self insured for the first \$150,000 of all property claims and 100% for claims in excess of \$150,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. Any excess funds the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Any settled claims are not expected to exceed coverage.



**TrailMark Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2005**  
**(Continued)**

**V. Other Information (continued)**

**C. Risk Management (continued)**

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2004 (the latest audited information available) is as follows:

<b>Assets</b>	<u><u>\$ 11,487,396</u></u>
<b>Liabilities and Fund Equity:</b>	
Liabilities	\$ 5,476,513
Capital and surplus	<u>6,010,883</u>
<b>Total</b>	<u><u>\$ 11,487,396</u></u>
 Revenue	 \$ 6,305,838
Underwriting expenses	<u>4,710,139</u>
Underwriting gain	1,595,699
Other income	<u>187,018</u>
<b>Net Income</b>	<u><u>\$ 1,782,717</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**TrailMark Metropolitan District**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2005**  
**(With Comparative Actual Amounts for 2004)**

	<b>2005</b>			<b>2004</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Final Budget Variance Positive (Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
Property taxes	499,645	499,498	(147)	176,683
Specific ownership taxes	100,000	142,075	42,075	147,802
Intergovernmental	-	-	-	72,037
Park and recreation fees	220,940	244,830	23,890	143,185
HOA reimbursement	70,000	64,519	(5,481)	77,186
Net investment income	2,000	11,636	9,636	3,757
Other	-	-	-	11,043
<b>Total Revenues</b>	<b>892,585</b>	<b>962,558</b>	<b>69,973</b>	<b>631,693</b>
<b>Expenditures:</b>				
Accounting and audit	20,100	14,810	5,290	8,600
District management	42,400	61,257	(18,857)	50,010
Legal	25,080	35,083	(10,003)	30,667
Insurance	7,000	7,507	(507)	6,991
Office supplies	4,700	3,179	1,521	4,918
Maintenance and repairs	272,930	226,364	46,566	251,608
Billing fees	-	-	-	8,496
County Treasurer's fees	7,495	7,499	(4)	2,653
Utilities	55,000	37,441	17,559	24,725
Other	50,184	245	49,939	3,699
Developer advance reimbursement	370,000	370,000	-	50,000
Wetlands permit compliance	10,000	17,371	(7,371)	-
Emergency reserves	25,947	-	25,947	-
<b>Total Expenditures</b>	<b>890,836</b>	<b>780,756</b>	<b>110,080</b>	<b>442,367</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,749</b>	<b>181,802</b>	<b>180,053</b>	<b>189,326</b>
<b>Other Financing Sources (Uses):</b>				
Transfer from (to) Capital Projects Fund	-	26,251	26,251	(120,877)
<b>Net Change in Fund Balances</b>	<b>1,749</b>	<b>208,053</b>	<b>206,304</b>	<b>68,449</b>
<b>Fund Balances - Beginning</b>	<b>69,455</b>	<b>102,904</b>	<b>33,449</b>	<b>34,455</b>
<b>Fund Balances - End of Year</b>	<b>71,204</b>	<b>310,957</b>	<b>239,753</b>	<b>102,904</b>

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

## **SUPPLEMENTARY INFORMATION**

**TrailMark Metropolitan District**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2005**  
**(With Comparative Actual Amounts for 2004)**

	2005			2004
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Property taxes	965,366	965,675	309	1,193,577
Net investment income	6,500	14,881	8,381	6,770
<b>Total Revenues</b>	<u>971,866</u>	<u>980,556</u>	<u>8,690</u>	<u>1,200,347</u>
<b>Expenditures:</b>				
<b>Current:</b>				
County Treasurer's fees	14,480	14,488	(8)	17,917
<b>Total current</b>	<u>14,480</u>	<u>14,488</u>	<u>(8)</u>	<u>17,917</u>
<b>Debt service:</b>				
Principal	525,000	525,000	-	920,041
Interest	219,136	219,136	-	281,996
Paying agent fees	5,000	500	4,500	960
Developer reimbursement - principal	185,000	215,025	(30,025)	-
Developer reimbursement - interest	45,500	14,975	30,525	-
<b>Total debt service</b>	<u>979,636</u>	<u>974,636</u>	<u>5,000</u>	<u>1,202,997</u>
<b>Total Expenditures</b>	<u>994,116</u>	<u>989,124</u>	<u>4,992</u>	<u>1,220,914</u>
<b>(Deficiency) of Revenues Over Expenditures</b>	<u>(22,250)</u>	<u>(8,568)</u>	<u>13,682</u>	<u>(20,567)</u>
<b>Fund Balances - Beginning of Year</b>	<u>94,431</u>	<u>98,470</u>	<u>4,039</u>	<u>119,037</u>
<b>Fund Balances - End of Year</b>	<u>72,181</u>	<u>89,902</u>	<u>17,721</u>	<u>98,470</u>

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

**TrailMark Metropolitan District**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2005**  
**(With Comparative Actual Amounts for 2004)**

	2005			2004
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
<b>Revenues:</b>				
Developer advance	-	-	-	317,308
Net investment income	-	-	337	329
<b>Total Revenues</b>	-	-	337	317,637
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
Legal fees	-	-	-	19,545
Project management	-	-	-	3,840
Engineering	-	-	-	66,176
Offsite - Roads	-	-	-	-
Onsite - Fairview Reservoir operating agreement	-	-	-	-
Onsite - Storm drainage	-	-	-	-
Onsite - Parks and recreation	-	-	-	-
Parkway acceptance	-	-	-	237,515
Wetlands constructions	-	-	-	129,738
Wetlands remediation	-	-	-	180
<b>Total Expenditures</b>	-	-	-	456,994
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	337	337 (139,357)
<b>Other Financing Sources (Uses):</b>				
Transfer from (to) General Fund	-	(27,000)	(26,251)	749 120,877
<b>Net Change in Fund Balances</b>	-	(27,000)	(25,914)	1,086 (18,480)
<b>Fund Balances - Beginning</b>	-	27,000	25,914	(1,086) 44,394
<b>Fund Balances - End of Year</b>	-	-	-	- 25,914

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

**TrailMark Metropolitan District  
Schedule of Assessed Valuation, Mill Levy  
and Property Taxes Collected  
December 31, 2005**

Calendar Year Ended December 31	Prior Year Assessed Valuation For Current Year Property Tax Levy	Mills Levied	Total Property Tax		Percent Collected to Levied
			Levied	Collected	
1997	268,030	30.000	8,041	8,041	100.00%
1998	311,200	31.910	9,930	9,930	100.00%
1999	1,098,630	55.000	60,425	60,403	99.96%
2000	1,574,450	55.000	86,595	86,586	99.99%
2001	5,166,120	55.000	284,137	277,122	97.53%
2002	10,924,580	62.662	684,556	660,729	96.52%
2003	15,970,390	58.547	935,018	935,715	100.07%
2004	20,765,890	66.027	1,371,109	1,370,260	99.94%
2005	22,188,230	66.027	1,465,010	1,465,173	100.01%
Estimated for 2005	23,215,370	66.027	1,532,841		

**NOTES:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

A one time mill levy of 4.115 mills was included in 2002 to recover abatements and refunds. The 2002 mill levy was also adjusted for changes in the residential assessment rate.

**TrailMark Metropolitan District**  
**Schedule of Debt Service Requirements to Maturity**  
**December 31, 2005**

<b>\$8,334,977 Limited Tax General Obligation Refunding Bonds Series 2003</b>			
<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	545,000	204,186	749,186
2007	560,000	193,286	753,286
2008	560,000	182,086	742,086
2009	575,000	169,766	744,766
2010	317,750	428,216	745,966
2011	292,227	453,739	745,966
2012	595,000	155,966	750,966
2013	610,000	138,116	748,116
2014	635,000	119,054	754,054
2015	645,000	98,416	743,416
2016	670,000	76,648	746,648
2017	695,000	52,527	747,527
2018	715,000	26,813	741,813
<b>Total</b>	<u>7,414,977</u>	<u>2,298,819</u>	<u>9,713,796</u>