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Accountant's Compilation Report

Board of Directors
Crowfoot Valley Ranch Metropolitan District No. 1
Douglas County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Crowfoot Valley Ranch Metropolitan District No. 1 for the year ending December 31, 2018, including the estimate of comparative information for the year ending December, 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to the Crowfoot Valley Ranch Metropolitan District No. 1.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 29, 2017

CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/29/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 15,224	\$ 24,797	\$ 22,092
REVENUES			
1 Property taxes	-	-	659
2 Specific ownership taxes	-	-	70
3 Developer advance	-	-	551,967
4 Other income	5,690	-	-
5 Transfer from other Districts	45,261	45,107	-
6 Interest Income	142	188	200
7 Fire protection tax	-	-	64
Total revenues	<u>51,093</u>	<u>45,295</u>	<u>552,960</u>
Total funds available	<u>66,317</u>	<u>70,092</u>	<u>575,052</u>
EXPENDITURES			
8 General and administration			
9 Accounting	11,300	12,000	13,000
10 Contingency	-	4,786	4,787
11 District management	6,904	10,000	12,000
12 Dues and membership	602	650	650
13 Election	119	-	2,000
14 Insurance	9,953	6,564	7,000
15 Legal	12,411	8,000	10,000
16 Miscellaneous	231	1,000	500
17 Noxious weed control	-	5,000	5,000
18 Payment to town	-	-	63
19 Capital projects			
20 Engineering	-	-	250,000
21 Grading/Erosion control	-	-	250,000
Total expenditures	<u>41,520</u>	<u>48,000</u>	<u>555,000</u>
Total expenditures and transfers out requiring appropriation	<u>41,520</u>	<u>48,000</u>	<u>555,000</u>
ENDING FUND BALANCES	<u>\$ 24,797</u>	<u>\$ 22,092</u>	<u>\$ 20,052</u>
EMERGENCY RESERVE	<u>\$ 1,600</u>	<u>\$ 1,400</u>	<u>\$ 100</u>
TOTAL RESERVE	<u>\$ 1,600</u>	<u>\$ 1,400</u>	<u>\$ 100</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/29/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - DOUGLAS			
Agricultural	\$ 10	\$ 10	\$ 10
Personal Property	-	-	8,300
State Assessed	8,500	8,200	200
Certified Assessed Value	<u>\$ 8,510</u>	<u>\$ 8,210</u>	<u>\$ 8,510</u>
MILL LEVY			
GENERAL FUND	-	-	77.388
FIRE PROTECTION	-	-	7.462
Total Mill Levy	<u>-</u>	<u>-</u>	<u>84.850</u>
PROPERTY TAXES			
GENERAL FUND	\$ -	\$ -	\$ 659
FIRE PROTECTION	-	-	64
Budgeted Property Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ -	\$ -	\$ 659
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 659</u>

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CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/29/2017

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General and administration			
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Total expenditures and transfers out requiring appropriation	<u>41,520</u>	<u>48,000</u>	<u>55,000</u>
ENDING FUND BALANCES	<u>\$ 24,797</u>	<u>\$ 22,092</u>	<u>\$ 20,052</u>
EMERGENCY RESERVE	<u>\$ 1,600</u>	<u>\$ 1,400</u>	<u>\$ 100</u>
TOTAL RESERVE	<u>\$ 1,600</u>	<u>\$ 1,400</u>	<u>\$ 100</u>

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CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/29/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	-	-	500,000
Total revenues	<u>-</u>	<u>-</u>	<u>500,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>500,000</u>
EXPENDITURES			
Capital projects			
2 Engineering	-	-	250,000
3 Grading/Erosion control	-	-	250,000
Total expenditures	<u>-</u>	<u>-</u>	<u>500,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>500,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Douglas County on December 3, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Douglas County, Colorado.

The District was organized to provide financing for the design, acquisition, installation and construction of sanitation improvements, water improvements, street improvements, traffic and safety control improvements, park and recreation improvements, transportation improvements, television relay and translation improvements, mosquito control, fire protection, emergency medical services, and operation and maintenance of the District. Under the Service Plan, the District is the Service District related to Crowfoot Valley Ranch Metropolitan District No. 2, the Financing District ("District No. 2").

On November 4, 2014, the District's voters authorized general obligation indebtedness of \$53,000,000 for street improvements, \$53,000,000 for parks and recreation, \$53,000,000 for water supply system, \$53,000,000 for sanitary sewer system, \$53,000,000 for traffic and safety control, \$53,000,000 for public transport, \$53,000,000 for fire protection and emergency response facilities, and \$106,000,000 for refinancing of District debt. This voter authorization replaced the voter authorization of December 3, 2002. District voters also approved authorization for the District to retain and spend District revenues, from any lawful source, in excess of the spending, revenue raising or other limitations in Article X, Section 20 of the Colorado constitution. Emergency reserves, required under TABOR have been provided.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

Property Taxes

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

The District's service plan sets a mill levy cap for payment of general obligation debt and for operations and maintenance of 70.000 mills district wide, with 20.00 mills for operating costs. Additionally 6.75 mills is designated for fire protection, payable to the Castle Rock Fire Protection District. The operating mill levy may include an additional levy not to exceed 10.00 mills for subdistricts created to serve specific areas within the district.

The method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.20% from 7.96% for property tax years 2017-2018 on April 17, 2017 with a report submitted to the State Board of Equalization. Accordingly, the mill levy has been adjusted upward to reflect the change assessed value

CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues - (continued)

calculation. The general fund mill levy increased to 77.388 from 70.000 mills and the fire protection mill levy increased to 7.462 from 6.750 mills.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 10.0% of the total property taxes collected by the General Fund.

Developer Advances

The District is in the development stage. As such, the Developer will fund expenditures necessary for the District's general operations and capital infrastructure development for 2018. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer under agreements approved by the Board.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.0%.

Expenditures

General and Administrative Expenditures

General and administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Payment to Town

The District has entered into an intergovernmental agreement with the Town of Castle Rock for fire protection and emergency response services. The Town of Castle Rock was required to build a new fire station to service the District and as a result the District agreed to levy 6.750 mills, as adjusted for changes in assessed valuation, and remit the proceeds, net of collection fees, to the Town annually.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Capital Outlay

The District anticipates infrastructure improvements during 2018 as displayed in the Capital Projects Fund.

CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases

The District has no outstanding indebtedness, nor any operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2018, as defined under TABOR.

This information is an integral part of the accompanying budget.