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**Accountant's Compilation Report**

Board of Directors  
Crowfoot Valley Ranch Metropolitan District No. 2  
Douglas County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Crowfoot Valley Ranch Metropolitan District No. 2 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. 2.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
December 29, 2017

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**For the Years Ended and Ending December 31,**

12/29/2017

|                                     | ACTUAL<br>2016    | ESTIMATED<br>2017 | ADOPTED<br>2018   |
|-------------------------------------|-------------------|-------------------|-------------------|
| <b>ASSESSED VALUATION - DOUGLAS</b> |                   |                   |                   |
| Residential                         | \$ 35,430         | \$ 35,430         | \$ 40,570         |
| Agricultural                        | 37,090            | 37,090            | 38,540            |
| Personal Property                   | -                 | -                 | 531,600           |
| State Assessed                      | 522,900           | 518,400           | 8,200             |
| Certified Assessed Value            | <u>\$ 595,420</u> | <u>\$ 590,920</u> | <u>\$ 618,910</u> |
| <b>MILL LEVY</b>                    |                   |                   |                   |
| GENERAL FUND                        | 70.000            | 70.000            | 77.388            |
| FIRE PROTECTION                     | 6.750             | 6.750             | 7.462             |
| Total Mill Levy                     | <u>76.750</u>     | <u>76.750</u>     | <u>84.850</u>     |
| <b>PROPERTY TAXES</b>               |                   |                   |                   |
| GENERAL FUND                        | \$ 41,679         | \$ 41,364         | \$ 47,896         |
| FIRE PROTECTION                     | 4,019             | 3,989             | 4,618             |
| Levied property taxes               | <u>45,698</u>     | <u>45,353</u>     | <u>52,514</u>     |
| Adjustments to actual/rounding      | -                 | (468)             | -                 |
| Budgeted Property Taxes             | <u>\$ 45,698</u>  | <u>\$ 44,885</u>  | <u>\$ 52,514</u>  |
| <b>BUDGETED PROPERTY TAXES</b>      |                   |                   |                   |
| GENERAL FUND                        | \$ 41,679         | \$ 40,937         | \$ 47,896         |
| FIRE PROTECTION                     | 4,019             | 3,948             | 4,618             |
|                                     | <u>\$ 45,698</u>  | <u>\$ 44,885</u>  | <u>\$ 52,514</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. 2**  
**GENERAL FUND**  
**2018 BUDGET AS ADOPTED**  
**WITH 2016 ACTUAL AND 2017 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/29/2017

|   | ACTUAL<br>2016 | ESTIMATED<br>2017 | ADOPTED<br>2018 |
|---|----------------|-------------------|-----------------|
| BEGINNING FUND BALANCES   | \$ -           | \$ -              | \$ -            |
| REVENUES  |                |                   |                 |
| 1 Property taxes  | 41,679         | 40,937            | 47,896          |
| 2 Specific ownership taxes                                      | 4,205          | 4,786             | 4,790           |
| 3 Other income  | -              | -                 | 1,696           |
| 4 Fire protection tax   | 4,019          | 3,950             | 4,618           |
| Total revenues  | 49,903         | 49,673            | 59,000          |
| Total funds available   | 49,903         | 49,673            | 59,000          |
| EXPENDITURES  |                |                   |                 |
| General and administration                                      |                |                   |                 |
| 5 Accounting  | -              | -                 | 13,000          |
| 6 Contingency   | -              | -                 | 1,766           |
| 7 County Treasurer's fees                                       | 685            | 670               | 718             |
| 8 District management   | -              | -                 | 12,000          |
| 9 Dues and membership   | -              | -                 | 650             |
| 10 Election   | -              | -                 | 2,000           |
| 11 Insurance  | -              | -                 | 7,000           |
| 12 Legal  | -              | -                 | 10,000          |
| 13 Miscellaneous  | -              | -                 | 500             |
| 14 Noxious weed control   | -              | -                 | 5,000           |
| 15 Payment to Town  | 3,957          | 3,896             | 4,549           |
| 16 Transfer to District No. 1                                   | 45,261         | 45,107            | -               |
| Total expenditures  | 49,903         | 49,673            | 57,183          |
| Total expenditures and transfers out<br>requiring appropriation | 49,903         | 49,673            | 57,183          |
| ENDING FUND BALANCES  | \$ -           | \$ -              | \$ 1,817        |
| EMERGENCY RESERVE   | \$ -           | \$ -              | \$ 1,800        |
| TOTAL RESERVE   | \$ -           | \$ -              | \$ 1,800        |

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. 2**  
**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 Financing District related to Crowfoot Valley Ranch Metropolitan District No. 1, the Service District ("District No. 1").

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 November 5, 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.

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 20.000 mills for operating costs. Additionally 6.750 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. 2**  
**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.

**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 7.462 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.

**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.**