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**Accountant's Compilation Report**

Board of Directors  
Crowfoot Valley Ranch Metropolitan District No. 2

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, 2019, including the estimate of comparative information for the year ending December 31, 2018 and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). 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 AICPA. 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.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

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  
January 4, 2019

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**SUMMARY**  
**2019 BUDGET**  
**WITH 2017 ACTUAL AND 2018 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/8/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 31,239,900
REVENUES			
Property taxes	41,364	47,899	48,576
Specific ownership tax	4,967	4,790	5,326
Interest income	-	34,900	488,600
Fire protection tax	3,989	4,616	4,684
Developer advance	-	13,000	-
Other revenue	-	4,695	1,914
Bond proceeds - Series 2018A	-	31,945,000	-
Bond proceeds - Series 2018B	-	3,260,000	-
Total revenues	<u>50,320</u>	<u>35,314,900</u>	<u>549,100</u>
TRANSFERS IN	<u>-</u>	<u>8,303,112</u>	<u>-</u>
Total funds available	<u>50,320</u>	<u>43,618,012</u>	<u>31,789,000</u>
EXPENDITURES			
General and administrative	50,320	75,000	22,333
Debt service	-	900,000	1,835,520
Capital projects	-	2,000,000	25,318,288
Total expenditures	<u>50,320</u>	<u>2,975,000</u>	<u>27,176,141</u>
TRANSFERS OUT	<u>-</u>	<u>8,303,112</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>50,320</u>	<u>11,278,112</u>	<u>27,176,141</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 32,339,900</u>	<u>\$ 4,612,859</u>
CAPITALIZED INTEREST FUND	\$ -	\$ 4,630,718	\$ 2,805,899
SURPLUS FUND	-	2,854,000	2,854,000
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 7,484,718</u>	<u>\$ 5,659,899</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**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2019 BUDGET**  
**WITH 2017 ACTUAL AND 2018 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/8/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
<b>ASSESSED VALUATION</b>			
Residential	\$ 35,430	\$ 40,570	\$ 40,570
Agricultural	37,090	38,540	43,030
State assessed	518,400	8,200	8,100
Personal property		531,600	536,000
Certified Assessed Value	<u>\$ 590,920</u>	<u>\$ 618,910</u>	<u>\$ 627,700</u>
<b>MILL LEVY</b>			
General	70.000	77.388	22.111
Debt Service	0.000	0.000	55.277
Fire Protection	6.750	7.462	7.462
Total mill levy	<u>76.750</u>	<u>84.850</u>	<u>84.850</u>
<b>PROPERTY TAXES</b>			
General	\$ 41,364	\$ 47,896	\$ 13,879
Debt Service	-	-	34,697
Fire Protection	3,989	4,618	4,684
Levied property taxes	<u>45,353</u>	<u>52,514</u>	<u>53,260</u>
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	<u>\$ 45,353</u>	<u>\$ 52,514</u>	<u>\$ 53,260</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	\$ 41,364	\$ 47,896	\$ 13,879
Debt Service	-	-	34,697
Fire Protection	3,989	4,618	4,684
	<u>\$ 45,353</u>	<u>\$ 52,514</u>	<u>\$ 53,260</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**  
**2019 BUDGET**  
**WITH 2017 ACTUAL AND 2018 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/8/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
<b>REVENUES</b>			
Property taxes	41,364	47,899	13,879
Specific ownership tax	4,967	4,790	1,856
Fire Protection Tax	3,989	4,616	4,684
Developer advance	-	13,000	-
Other revenue	-	4,695	1,914
Total revenues	50,320	75,000	22,333
Total funds available	50,320	75,000	22,333
<b>EXPENDITURES</b>			
General and administrative			
Accounting	-	13,000	-
Audit	-	-	-
County Treasurer's fee	680	788	278
Dues and licenses	-	-	-
Insurance and bonds	-	-	-
District management	-	-	-
Legal services	-	-	-
Miscellaneous	-	-	-
Election expense	-	-	-
Noxious Weed Control	-	-	-
Contingency	-	4,695	1,914
Transfer to District 1	45,709	51,968	20,141
Payment to Town	3,931	4,549	-
Total expenditures	50,320	75,000	22,333
Total expenditures and transfers out requiring appropriation	50,320	75,000	22,333
ENDING FUND BALANCE	\$ -	\$ -	\$ -
EMERGENCY RESERVE	\$ -	\$ -	\$ -
TOTAL RESERVE	\$ -	\$ -	\$ -

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**  
**DEBT SERVICE FUND**  
**2019 BUDGET**  
**WITH 2017 ACTUAL AND 2018 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/8/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 6,311,612
REVENUES			
Property taxes	-	-	34,697
Specific ownership tax	-	-	3,470
Facility fees	-	-	-
Interest income	-	8,500	98,600
Total revenues	<u>-</u>	<u>8,500</u>	<u>136,767</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>8,303,112</u>	<u>-</u>
Total funds available	<u>-</u>	<u>8,311,612</u>	<u>6,448,379</u>
EXPENDITURES			
Debt Service			
Series 2018A Bond Interest	-	821,168	1,824,819
County Treasurer's fee	-	-	520
Trustee fees	-	-	5,000
Contingency	-	78,832	5,181
Total expenditures	<u>-</u>	<u>900,000</u>	<u>1,835,520</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>900,000</u>	<u>1,835,520</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 7,411,612</u>	<u>\$ 4,612,859</u>
CAPITALIZED INTEREST FUND	\$ -	\$ 4,630,718	\$ 2,805,899
SURPLUS FUND	-	2,854,000	2,854,000
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 7,484,718</u>	<u>\$ 5,659,899</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**  
**CAPITAL PROJECTS FUND**  
**2019 BUDGET**  
**WITH 2017 ACTUAL AND 2018 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/8/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 24,928,288
REVENUES			
Interest income	-	26,400	390,000
Bond Proceeds - Series 2018A	-	31,945,000	-
Bond Proceeds - Series 2018B	-	3,260,000	-
Total revenues	-	35,231,400	390,000
Total funds available	-	35,231,400	25,318,288
EXPENDITURES			
Capital Projects			
Bond Issue Costs	-	973,700	-
Intergovernmental Expenditure - District No. 1	-	-	25,318,288
Repay Developer Advance	-	1,026,300	-
Total expenditures	-	2,000,000	25,318,288
TRANSFERS OUT			
Transfers to other fund	-	8,303,112	-
Total expenditures and transfers out requiring appropriation	-	10,303,112	25,318,288
ENDING FUND BALANCE	\$ -	\$ 24,928,288	\$ -

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**  
**2019 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 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**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.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**2019 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

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 calculation.

The property taxes levied are as shown on the Property Tax Summary Page.

**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.

**Facilities Fees**

Capital Fees are pledged to the payment of the Bonds and are generally defined to mean all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District at the time of issuance of the Bonds or thereafter, including Facilities Fees. The District is expected to adopt a Facilities Fee Resolution prior to the issuance of the Bonds. Capital Fees do not include Excluded Fees, which are defined in the Indentures as any fee imposed by the District solely for the purpose of funding operation and maintenance expenses.

The Facilities Fee Resolution will impose a one-time fee in the amount of \$3,000 for each single-family or multi-family dwelling unit located within the District. The Facilities Fees are payable at the time a building permit is issued by the County for any dwelling unit. Facilities Fees are pledged to the payment of the Bonds.

**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.



**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**2019 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures - (continued)**

**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**

**Series 2018 Bonds**

One June 19, 2018 the District issued 2018A Senior Bonds and the 2018B Subordinate Bonds in the respective amounts of \$31,945,000 and \$3,260,000. Proceeds from the sale of the 2018A Senior Bonds will be used to: (i) finance or reimburse the costs of public improvements related to the Development; (ii) fund capitalized interest on the 2018A Senior Bonds; (iii) make an initial deposit to the 2018A Surplus Fund; and (iv) pay the costs of issuance of the Bonds. Proceeds from the sale of the 2018B Subordinate Bonds will be used to: (i) finance or reimburse the cost of public improvements related to the Development; and (ii) pay certain other costs of issuance of the 2018B Subordinate Bonds.

The 2018A Senior Bonds are will bear interest at rates ranging from 5.625% to 5.750% and are payable semi-annually on June 1 and December 1, beginning on December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2026. The 2018A Senior Bonds mature on December 1, 2048. The 2018B Subordinate Bonds are assumed to be issued at the rate of 8% per annum and are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2048.

The 2018B Subordinate Bonds will bear interest at 8.00% and are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2018B Subordinate Bonds compounds annually at the rate then borne by the 2018B Subordinate Bonds on each December 15. In the event any amounts due and owing on the 2018B Subordinate Bonds remain outstanding on December 15, 2058, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The 2018A Senior Bonds are payable solely from and to the extent of the Senior Pledged Revenue, defined generally in the 2018A Senior Indenture as the following, net of any costs of collection: a) all Senior Property Tax Revenues (generally defined as revenues resulting from the imposition of the Senior Required Mill Levy); b) all Senior Specific Ownership Tax Revenues, resulting from the imposition of the Senior Required Mill Levy; c) all Capital Fees; and d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - (continued)**

The 2018A Senior Bonds are additionally secured by the 2018A Surplus Fund, which will initially be partially funded with proceeds of the 2018A Senior Bonds, and will also be funded with excess Senior Pledged Revenue, if any, to the Maximum Surplus Amount of \$6,389,000, and by capitalized interest which will be funded with proceeds of the 2018A Senior Bonds. Amounts on deposit in the 2018A Surplus Fund (if any) on the final maturity date of the 2018A Senior Bonds shall be applied to the payment of the 2018A Senior Bonds. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in December 2047.

The 2018B Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue, which is defined generally in the 2018B Subordinate Indenture as the following, net costs of collection: a) all Subordinate Property Tax Revenues (generally defined as revenues resulting from the imposition of the Subordinate Required Mill Levy); b) all Subordinate Specific Ownership Tax Revenues, resulting from the imposition of the Subordinate Required Mill Levy; c) all Subordinate Capital Fee Revenue; and d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. Subordinate Capital Fee Revenue is defined as any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Obligations. For the Senior Required Mill Levy and the Subordinate Required Mill Levy, the Indentures separate property taxes and specific ownership taxes generated by each mill levy. Receipts generated from the Senior Required Mill Levy are pledged to the repayment of the 2018A Senior Bonds and receipts generated from the Subordinate Required Mill Levy are pledged to the repayment of the 2018B Subordinate Bonds. In no event is Subordinate Pledged Revenue required to be deposited to the Senior Bond Fund or to be applied to debt service on the 2018A Senior Bonds. Assumptions related to debt principal amounts, bond interest rates, issuance costs, capitalized interest amounts, and other related debt service costs for the proposed 2018A Senior Bonds and 2018B Subordinate Bonds have been provided to Management by D.A. Davidson & Co., the underwriter of the proposed bond issuance of the District.

**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, as defined under TABOR.

**Surplus Fund**

The 2018A Senior Bonds are additionally secured by the 2018A Surplus Fund, which will initially be partially funded with proceeds of the 2018A Senior Bonds, and will also be funded with excess Senior Pledged Revenue, if any, to the Maximum Surplus Amount of \$6,389,000, and by capitalized interest which will be funded with proceeds of the 2018A Senior Bonds.

**This information is an integral part of the accompanying budget.**

**CROWFOOT VALLEY RANC METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**LONG TERM DEBT**  
**December 31, 2019**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$31,945,000 Limited Tax General Obligation Bonds Series 2018A Interest 5.625% - 5.750% Dated June 13, 2018 Interest Payable June 1 and December 1 Principal Payable December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ -	\$ 1,824,819	\$ 1,824,819
2020	-	1,824,819	1,824,819
2021	-	1,824,819	1,824,819
2022	-	1,824,819	1,824,819
2023	-	1,824,819	1,824,819
2024	-	1,824,819	1,824,819
2025	-	1,824,819	1,824,819
2026	25,000	1,824,819	1,849,819
2027	190,000	1,823,413	2,013,413
2028	380,000	1,812,725	2,192,725
2029	515,000	1,791,350	2,306,350
2030	660,000	1,762,381	2,422,381
2031	710,000	1,725,256	2,435,256
2032	800,000	1,685,319	2,485,319
2033	845,000	1,640,319	2,485,319
2034	945,000	1,592,788	2,537,788
2035	995,000	1,539,631	2,534,631
2036	1,105,000	1,483,663	2,588,663
2037	1,165,000	1,421,506	2,586,506
2038	1,280,000	1,355,975	2,635,975
2039	1,355,000	1,283,975	2,638,975
2040	1,485,000	1,206,063	2,691,063
2041	1,570,000	1,120,675	2,690,675
2042	1,715,000	1,030,400	2,745,400
2043	1,815,000	931,788	2,746,788
2044	1,970,000	827,425	2,797,425
2045	2,085,000	714,150	2,799,150
2046	2,260,000	594,263	2,854,263
2047	2,390,000	464,313	2,854,313
2048	5,685,000	326,888	6,011,888
	<u>\$ 31,945,000</u>	<u>\$ 42,732,818</u>	<u>\$ 74,677,818</u>

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