



**CliftonLarsonAllen**

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## **Accountant's Compilation Report**

Board of Directors  
Hess Ranch Metropolitan District No. 1

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Hess Ranch Metropolitan District No. 1 for the year ending December 31, 2019, including the estimate of comparative information for the year ended 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 describes 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 Hess Ranch Metropolitan District No. 1.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 30, 2019

**HESS RANCH METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/30/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 106
REVENUES			
Property taxes	-	97	77
Specific ownership tax	-	10	8
Developer advance	-	-	50,000
Total revenues	<u>-</u>	<u>107</u>	<u>50,085</u>
Total funds available	<u>-</u>	<u>107</u>	<u>50,191</u>
EXPENDITURES			
General and administrative			
Accounting	-	-	15,000
County Treasurer's fee	-	1	1
Dues and membership	-	-	1,000
Insurance and bonds	-	-	3,000
Legal	-	-	25,000
Election expense	-	-	2,000
Contingency	-	-	3,999
Total expenditures	<u>-</u>	<u>1</u>	<u>50,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>1</u>	<u>50,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 191</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</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.

**HESS RANCH METROPOLITAN DISTRICT NO. 1  
PROPERTY TAX SUMMARY INFORMATION  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/30/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
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**ASSESSED VALUATION**

Agricultural	-	2,760	2,190
Certified Assessed Value	\$ -	\$ 2,760	\$ 2,190

**MILL LEVY**

General Fund	0.000	35.000	35.000
Total mill levy	0.000	35.000	35.000

**PROPERTY TAXES**

General Fund	\$ -	\$ 97	\$ 77
Budgeted property taxes	\$ -	\$ 97	\$ 77

**BUDGETED PROPERTY TAXES**

General	\$ -	\$ 97	\$ 77
	\$ -	\$ 97	\$ 77

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

**HESS RANCH METROPOLITAN DISTRICT NO. 1  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District is a quasi-municipal corporation and political subdivision of the State of Colorado under Title 32, Article 1 of the Colorado Revised Statutes, and was organized by order of the District Court in Douglas County on May 23<sup>rd</sup>, 2016. The formation of the District was approved by the Town of Parker, Colorado in conjunction with the approval by the Town Board of a Consolidated Service Plan for the District and Hess Ranch Metropolitan District Nos. 2 - 8. The District's service area is located south of Hess Road and west of Molsenbocker Road in the Town of Parker in Douglas County, Colorado.

On November 3, 2015, the District's electors authorized debt in the amount of \$1,222,600,000 for public improvements including street improvements, park and recreation, water, sanitation, public transportation, mosquito control, traffic and safety control, fire protection, television relay and translation, and security. \$366,780,000 of debt was also authorized for the purpose of refunding debt, operations and maintenance, and intergovernmental agreements. The District is authorized to increase taxes \$5,000,000 annually to pay the operations and administrative costs of the District, without limitation. However, the District is in negotiations with the Town of Parker, whereby which District Nos. 1-3 will likely be limited to imposing no more than 10 mills for operations.

Additionally, the Service Plan limits (except for a Gallagher adjustment) the District's debt service mill levy to 35.000 mills (as adjusted to 42.827 mills) for residential property and 50.000 mills for commercial property. The Service Plan also limits the imposition of the debt service mill levy to 40 years after initial year of imposition of such mill levy.

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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**HESS RANCH METROPOLITAN DISTRICT NO. 1  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – continued**

The calculation of the taxes levied is displayed on page 3 of the Budget at the adopted total mill levy.

**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% of the property taxes collected.

**Developer Advances**

The District's general and administrative costs will be funded by the Developer. 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 from bonds proceeds and other legally available revenue.

**Expenditures**

**General and Administrative Expenditures**

General and administrative expenditures include the estimated cost of services necessary to maintain the District's administrative viability such as legal, accounting, insurance, membership dues, election and other administrative expenditures.

**Debt and Leases**

The District has no debt and operating or capital leases.

**Reserves**

**Emergency Reserve**

TABOR requires local governments to establish emergency reserve. This reserve must be at least 3% of fiscal year spending. The District has provided such reserve.

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