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Accountant's Compilation Report

Board of Directors
Trails at Crowfoot Metropolitan District No. 1

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Trails at Crowfoot Metropolitan District No. 1 (formerly known as Hess Ranch Metropolitan District No. 1) for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, 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 Trails at Crowfoot Metropolitan District No. 1.

CliftonLarsonAllen LLP
Greenwood Village, Colorado
December 23, 2019

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 1
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/23/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property Tax	96	77	350,139
Specific Ownership Tax	9	8	31,512
Other Revenue	-	-	11,397
Town Capital and Maintenance Property Tax	-	-	26,125
Town Capital and Maintenance SO Tax	-	-	2,351
Infrastructure Property Tax	-	-	26,125
Infrastructure Specific Ownership Tax	-	-	2,351
Total revenues	<u>105</u>	<u>85</u>	<u>450,000</u>
Total funds available	<u>105</u>	<u>85</u>	<u>450,000</u>
EXPENDITURES			
General Fund	105	85	90,000
Debt Service Fund	-	-	360,000
Total expenditures	<u>105</u>	<u>85</u>	<u>450,000</u>
Total expenditures and transfers out requiring appropriation	<u>105</u>	<u>85</u>	<u>450,000</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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

12/23/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Agricultural	\$ 2,760	\$ 2,190	\$ 270
Vacant land	-	-	5,189,240
Other	-	-	270
Certified Assessed Value	<u>\$ 2,760</u>	<u>\$ 2,190</u>	<u>\$ 5,189,780</u>
MILL LEVY			
General Fund	35.000	35.000	10.069
Debt Service	0.000	0.000	57.398
Town Capital and Maintenance	0.000	0.000	5.034
Infrastructure Capital	0.000	0.000	5.034
Total mill levy	<u>35.000</u>	<u>35.000</u>	<u>77.535</u>
PROPERTY TAXES			
General Fund	\$ 97	\$ 77	\$ 52,256
Debt Service	-	-	297,883
Town Capital and Maintenance	-	-	26,125
Infrastructure Capital	-	-	26,125
Levied property taxes	<u>97</u>	<u>77</u>	<u>402,389</u>
Adjustments to actual/rounding	(1)	-	-
Budgeted property taxes	<u>\$ 96</u>	<u>\$ 77</u>	<u>\$ 402,389</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 96</u>	<u>\$ 77</u>	<u>\$ 78,381</u>
Debt Service	-	-	324,008
	<u>\$ 96</u>	<u>\$ 77</u>	<u>\$ 402,389</u>

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

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/23/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property Tax	96	77	52,256
Specific Ownership Tax	9	8	4,703
Other Revenue	-	-	4,565
Town Capital and Maintenance Property Tax	-	-	26,125
Town Capital and Maintenance SO Tax	-	-	2,351
Total revenues	105	85	90,000
Total funds available	105	85	90,000
EXPENDITURES			
General and administrative			
County Treasurer's Fee	1	1	784
Contingency	-	-	4,565
Transfer to Trails at Crowfoot MD #3	104	84	56,175
County Treasurer's Fee - Town	-	-	392
Transfer to Town	-	-	28,084
Total expenditures	105	85	90,000
Total expenditures and transfers out requiring appropriation	105	85	90,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/23/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property Tax	-	-	297,883
Specific Ownership Tax	-	-	26,809
Other Revenue	-	-	6,832
Infrastructure Property Tax	-	-	26,125
Infrastructure Specific Ownership Tax	-	-	2,351
Total revenues	-	-	360,000
Total funds available	-	-	360,000
EXPENDITURES			
General and administrative			
County Treasurer's Fee	-	-	4,860
Transfer to Trails at Crowfoot MD #3	-	-	348,308
Contingency	-	-	6,832
Total expenditures	-	-	360,000
Total expenditures and transfers out requiring appropriation	-	-	360,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 1
2020 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, 2016. The formation of the District was approved by the Town of Parker, Colorado (the Town) in conjunction with the approval by the Town Board of a Consolidated Service Plan for the District and Trails at Crowfoot Metropolitan District 2-3 and Hess Ranch Metropolitan District 4-8. The District's service area is located south of Hess Road and west of Motsenbocker 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. The Service Plan limits (except for a Gallagher adjustment) the District's operation and maintenance mill levy to 10.000 mills (as adjusted to 10.069 mills).

Additionally, the Service Plan limits (except for a Gallagher adjustment) the District's debt service mill levy to 57.000 mills (as adjusted to 57.398 mills). 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.

On June 17, 2019, each of the District entered into an intergovernmental agreements with the Town (the "Town IGA"). The Town IGA provides that the District will impose (a) the Infrastructure Capital Mill Levy (5 mills, subject to adjustment) and use the proceeds for certain regional improvements, (b) the Town Capital and Maintenance Mill Levy (5 mills, subject to adjustment) and remit the proceeds to the Town for certain Town improvements, and (c) the Operations Mill Levy (up to 10 mills subject to adjustment) and use the proceeds for the ongoing administrative and operating expenses of the District and for the maintenance of certain of the regional improvements. The Town IGA requires that the proceeds of the Infrastructure Capital Mill Levy and the Town Capital and Maintenance Mill Levy be paid by the District to the Town no later than 30 days after receipt, to be deposited by the Town in a separate fund; provided, however, that the Districts are permitted to retain revenues from the Infrastructure Capital Mill Levy to the extent needed to pay debt service on obligations repayable in whole or in part from such mill levy (which includes the Bonds).

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..

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 1
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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

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 9% of the property taxes collected.

Expenditures

County Treasurer's Fees

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

Transfer to Trails at Crowfoot Metropolitan District No. 3

Transfers to Trails at Crowfoot Metropolitan District No. 3 (District No. 3) represent funds transferred to District No. 3 to provide overall administrative and operating services for the Districts, as well as to fund debt service payments.

Transfers to Town

The Transfers to Town represent transfers to the Town under the Town IGA for revenues received by the District from the Town Capital and Maintenance Mill Levy. Under the terms of the agreement, the District shall remit any funds due to the Town no later than 30 days after receipt of the funds.

Debt and Leases

The District has no debt and operating or capital leases.

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 1
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

TABOR requires local governments to establish emergency reserve. This reserve must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 3, which pays for all of the District's operations and maintenance costs, an Emergency Reserve is not reflected in the District's Budget. It is accounted for in District No. 3.

This information is an integral part of the accompanying budget.