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CliftonLarsonAllen LLP

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Accountant's Compilation Report

Board of Directors
High Prairie Farms Metropolitan District
Douglas County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances of the High Prairie Farms Metropolitan District for the General Fund for the year ending December 31, 2013, including the forecasted estimate of comparative information for the year ending December 31, 2012, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2011 is presented for comparative purposes only. Such information is taken from the 2011 audit report of the District for the year ended December 31, 2011 as prepared by Simmons & Wheeler, P.C., dated May 1, 2012 in which an unqualified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to High Prairie Farms Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 20, 2012

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
GENERAL FUND
FORECASTED 2013 BUDGET AS ADOPTED
WITH 2011 ACTUAL AND 2012 ESTIMATED
For the Years Ended and Ending December 31,

11/20/2012

| | ACTUAL 2011 | ESTIMATED 2012 | ADOPTED 2013 |
|--|----------------|-------------------|-----------------|
| BEGINNING FUND BALANCES | \$ 667,051 | \$ 860,012 | \$ 915,238 |
| REVENUES | | | |
| 1 Property taxes | 553,535 | 462,208 | 463,820 |
| 2 Specific ownership taxes | 36,638 | 35,361 | 30,148 |
| 3 Conservation Trust entitlement | 9,008 | 11,000 | 10,000 |
| 4 Net investment Income | 5,492 | 4,000 | 3,500 |
| 5 Other income | 2,958 | 12,013 | 1,000 |
| Total revenues | 607,631 | 524,582 | 508,468 |
| Total funds available | 1,274,682 | 1,384,594 | 1,423,706 |
| EXPENDITURES | | | |
| 6 General and administration | | | |
| 7 Accounting | 50,240 | 50,000 | 50,000 |
| 8 Audit | 4,100 | 4,000 | 4,300 |
| 9 Contingency | - | - | 9,542 |
| 10 County Treasurer's fees | 8,326 | 6,933 | 6,957 |
| 11 Director fees | 2,800 | 2,800 | 3,200 |
| 12 Dues and membership | 620 | 611 | 700 |
| 13 Election | - | - | - |
| 14 Insurance | 7,203 | 7,321 | 8,000 |
| 15 Legal | 24,412 | 32,000 | 32,000 |
| 16 Miscellaneous | 755 | 1,000 | 2,000 |
| 17 Website development | - | 10,000 | - |
| 18 Operations maintenance | 263,160 | 317,224 | 395,000 |
| 19 Capital outlay | 53,054 | 37,467 | 223,000 |
| Total expenditures | 414,670 | 469,356 | 734,699 |
| Total expenditures requiring appropriation | 414,670 | 469,356 | 734,699 |
| ENDING FUND BALANCES | \$ 860,012 | \$ 915,238 | \$ 689,007 |
| Emergency Reserve | \$ 18,000 | \$ 15,700 | \$ 15,300 |
| Working capital | 150,000 | 150,000 | 78,705 |
| Funded depreciation | 305,000 | 385,000 | 475,000 |
| Reserve for entryway pond | 80,000 | 100,000 | 120,000 |
| TOTAL RESERVE | \$ 553,000 | \$ 650,700 | \$ 689,005 |

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

11/20/2012

| | ACTUAL 2011 | ESTIMATED 2012 | ADOPTED 2013 |
|-------------------------------------|----------------------|----------------------|----------------------|
| ASSESSED VALUATION - DOUGLAS | | | |
| Residential | \$ 42,564,070 | \$ 35,829,820 | \$ 36,157,020 |
| Commercial | 762,730 | 756,470 | 765,510 |
| Agricultural | 423,540 | 920 | 920 |
| Vacant Land | 1,847,800 | 1,497,510 | 1,233,760 |
| Personal Property | 118,690 | 4,320 | 3,730 |
| State Assessed | 445,760 | 439,930 | 490,670 |
| Natural resources | 30 | 90 | 90 |
| Certified Assessed Value | <u>\$ 46,162,620</u> | <u>\$ 38,529,060</u> | <u>\$ 38,651,700</u> |
| MILL LEVY | | | |
| GENERAL FUND | 12.000 | 12.000 | 12.000 |
| Total Mill Levy | <u>12.000</u> | <u>12.000</u> | <u>12.000</u> |
| PROPERTY TAXES | | | |
| GENERAL FUND | \$ 553,951 | \$ 462,349 | \$ 463,820 |
| Levied property taxes | 553,951 | 462,349 | 463,820 |
| Adjustments to actual/rounding | 8 | - | - |
| Refund and abatements | (424) | (141) | - |
| Budgeted Property Taxes | <u>\$ 553,535</u> | <u>\$ 462,208</u> | <u>\$ 463,820</u> |
| BUDGETED PROPERTY TAXES | | | |
| GENERAL FUND | \$ 553,535 | \$ 462,208 | \$ 463,820 |
| | <u>\$ 553,535</u> | <u>\$ 462,208</u> | <u>\$ 463,820</u> |

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
GENERAL FUND EXPENDITURE DETAILS
FORECASTED 2013 BUDGET AS ADOPTED
WITH 2011 ACTUAL AND 2012 ESTIMATED
For the Years Ended and Ending December 31,**

11/20/2012

| | ACTUAL 2011 | ESTIMATED 2012 | ADOPTED 2013 |
|--|-------------------|-------------------|-------------------|
| Operations maintenance | | | |
| 1 Building rent | \$ 500 | \$ 500 | \$ 500 |
| 2 Christmas lights | 6,000 | 6,200 | 6,000 |
| 3 Erosion repair - parkway mulching | 250 | - | 20,000 |
| 4 Maintenance - chemical and fertilizer | 2,274 | 5,500 | 5,000 |
| 5 Maintenance - contract services | 109,184 | 112,524 | 122,000 |
| 6 Maintenance - equipment repairs and parts | 2,648 | 5,000 | 10,000 |
| 7 Maintenance - fuel and oil | 4,176 | 4,500 | 5,500 |
| 8 Maintenance - other | 31,159 | 38,000 | 38,000 |
| 9 Maintenance - sprinkler | 3,697 | 6,000 | 6,000 |
| 10 Maintenance - tree spraying and maintenance | 10,406 | 35,000 | 50,000 |
| 11 Maintenance - weed spraying | 4,036 | 5,000 | 8,000 |
| 12 Maintenance - wild fire and land mitigation | 54,185 | 60,000 | 75,000 |
| 13 Security | 5,660 | 5,000 | 5,000 |
| 14 Sign maintenance and additions | 632 | 2,000 | 10,000 |
| 15 Utilities | 5,417 | 8,000 | 8,000 |
| 16 Water | 22,936 | 24,000 | 26,000 |
| Total Operations maintenance | <u>\$ 263,160</u> | <u>\$ 317,224</u> | <u>\$ 395,000</u> |
| Capital outlay | | | |
| 17 Building | - | 2,500 | 5,000 |
| 18 Contingency | - | - | 50,000 |
| 19 Detention pond | - | - | 20,000 |
| 20 Equipment purchase | 30,162 | 11,967 | 35,000 |
| 21 Fence replacement | - | - | 3,000 |
| 22 Open space and pocket park | 5,468 | - | 50,000 |
| 23 Signage - traffic | - | 3,000 | 5,000 |
| 24 Sprinkler replacement - Entryway | - | - | 5,000 |
| 25 Street light beautification - Parkway | 12,953 | - | - |
| 26 Trails and sidewalks | 4,471 | 20,000 | 50,000 |
| Total Capital outlay | <u>\$ 53,054</u> | <u>\$ 37,467</u> | <u>\$ 223,000</u> |

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

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
2013 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

High Prairie Farms Metropolitan District (District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized on May 5, 1986, 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 established to provide public services, including streets, safety protection, transportation and park and recreational facilities. No change in the level of service is anticipated during 2013.

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

The District prepares its budget on the modified accrual basis of accounting.

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 calculation of the taxes levied is displayed on page 3 of the Budget at the adopted mill levy of 12.000 mills, which is the same as the 2011 levy for collection in 2012, as approved by the District's voters at an election held in November 1996.

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 forecast assumes that the District's share will be equal to approximately 6.5% of the property taxes collected by the General Fund.

HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
2013 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues - continued

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of 0.40%.

Conservation Trust Entitlement

The District receives revenue from the State lottery on a per capita basis ratio. The revenue is restricted for certain costs related to parks and recreational activities under State statutes. The District anticipates incurring eligible expenditures to fully use this entitlement during the budget period.

Expenditures

County Treasurer's Fees

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

Administrative and Operating Expenditures

Most administrative and operating expenditures have been assumed to be at approximately the same level since no significant changes are anticipated in the level of services provided.

Debt and Leases

The District has no outstanding debt. The District has no capital or operating leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2013 as defined under TABOR.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
2013 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves - continued

Reserve Fund

The District considers any additional funds available at year-end reserved for future operations.

The District has set aside funds to be used for the future replacement of such capital items as fencing, landscaping, irrigation, and the entryway pond. A formal replacement reserve study has not been undertaken; and therefore, amounts accumulated may not be adequate to meet future needs.

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