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Accountant's Compilation Report

Board of Directors
High Prairie Farms Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of High Prairie Farms Metropolitan District 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 High Prairie Farms Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 3, 2019



An independent member of Nexia International

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ 793,136	\$ 795,292	\$ 843,222
REVENUES			
Property taxes	535,801	547,574	560,699
Specific ownership tax	58,704	56,000	33,642
Interest income	9,424	15,000	9,500
CTF proceeds	11,228	10,000	10,000
Reimbursed expenditures - Autumn Oaks Entrance	-	-	10,000
Reimbursement for sidewalks	-	-	10,000
Reimbursement for school property	-	-	10,000
Other revenue	15,880	356	1,000
Total revenues	<u>631,037</u>	<u>628,930</u>	<u>644,841</u>
Total funds available	<u>1,424,173</u>	<u>1,424,222</u>	<u>1,488,063</u>
EXPENDITURES			
General and administrative	161,433	161,148	184,500
Operations and maintenance	269,184	296,224	456,000
Maintenance - As required	12,756	18,665	89,500
Erosion repair and storm drainage - As required	67,890	27,088	205,000
Capital Outlay	117,618	77,875	189,000
Total expenditures	<u>628,881</u>	<u>581,000</u>	<u>1,124,000</u>
Total expenditures and transfers out requiring appropriation	<u>628,881</u>	<u>581,000</u>	<u>1,124,000</u>
ENDING FUND BALANCES	<u>\$ 795,292</u>	<u>\$ 843,222</u>	<u>\$ 364,063</u>
EMERGENCY RESERVE	\$ -	\$ -	\$ 18,450
WORKING CAPITAL	-	-	36,800
CAPITAL REPLACEMENT	-	-	128,813
RESERVE FOR ROCKWALL	-	-	80,000
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,063</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
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

ACTUAL	ESTIMATED	BUDGET
2017	2018	2019

ASSESSED VALUATION

Residential	\$ 42,747,660	\$ 42,791,790	\$ 43,246,760
Commercial	-	-	21,430
Agricultural	730	870	870
State assessed	157,800	475,500	435,000
Vacant land	1,750,070	2,361,920	3,019,800
Natural Resources	1,060	1,060	1,060
Certified Assessed Value	\$ 44,657,320	\$ 45,631,140	\$ 46,724,920

MILL LEVY

General	12.000	12.000	12.000
Total mill levy	12.000	12.000	12.000

PROPERTY TAXES

General	\$ 535,888	\$ 547,574	\$ 560,699
Levied property taxes	535,888	547,574	560,699
Adjustments to actual/rounding	(87)	-	-
Budgeted property taxes	\$ 535,801	\$ 547,574	\$ 560,699

BUDGETED PROPERTY TAXES

General	\$ 535,801	\$ 547,574	\$ 560,699
	\$ 535,801	\$ 547,574	\$ 560,699

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

1/3/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 793,136	\$ 795,292	\$ 843,222
REVENUES			
Property taxes	535,801	547,574	560,699
Specific ownership tax	58,704	56,000	33,642
Interest income	9,424	15,000	9,500
CTF proceeds	11,228	10,000	10,000
Reimbursed expenditures - Autumn Oaks Entrance	-	-	10,000
Reimbursement for sidewalks	-	-	10,000
Reimbursement for school property	-	-	10,000
Other revenue	15,880	356	1,000
Total revenues	<u>631,037</u>	<u>628,930</u>	<u>644,841</u>
Total funds available	<u>1,424,173</u>	<u>1,424,222</u>	<u>1,488,063</u>
EXPENDITURES			
General and administrative			
Accounting	60,891	61,000	64,000
Auditing	4,000	4,000	4,100
County Treasurer's fee	8,045	8,214	8,410
Directors' fees	5,100	7,000	8,000
Dues and licenses	701	819	850
Insurance and bonds	10,197	10,242	15,000
District management	8,085	13,000	13,000
Legal services	43,804	50,000	60,000
Miscellaneous	937	3,218	2,140
Records retention	19,673	1,000	1,000
Election expense	-	-	-
Website and communication	-	2,655	3,000
Contingency	-	-	5,000
Total General and administrative	<u>\$ 161,433</u>	<u>\$ 161,148</u>	<u>\$ 184,500</u>
Operations and maintenance			
Building rent	500	500	500
Christmas lights	7,802	8,000	8,500
Maintenance - contract services	141,240	155,000	198,500
Maintenance - chemical and fertilizer	1,250	3,048	3,500
Maintenance - tree spraying and maintenance	42,913	40,466	43,000
Maintenance - equipment repairs and parts	3,038	8,000	10,000
Maintenance - wild fire and land mitigation	-	2,244	30,000
Maintenance - fuel and oil	2,116	4,000	3,000
Maintenance - other	16,497	20,000	25,000
Maintenance - sprinkler	3,051	366	8,000
Maintenance - weed spraying	7,575	5,600	15,000
Maintenance - trails and sidewalks	1,484	4,800	30,000
Security and traffic safety	4,550	5,000	5,000
Sign maintenance	904	-	5,000
Utilities	6,308	5,500	8,000
Erosion control	-	1,700	15,000
Engineering	-	-	10,000
Water	29,956	32,000	38,000
Total Operations and maintenance - Annual	<u>\$ 269,184</u>	<u>\$ 296,224</u>	<u>\$ 456,000</u>
Maintenance - As required			
Beautification - Entry way	5,880	2,529	25,000
Building	-	-	2,500
Contingency	-	-	20,000
Fence Replacement	-	-	3,000
Open space and pocket park	371	8,624	15,000
Reserve study	-	-	5,000
School District Property	4,750	-	10,000
Sprinkler replacement & upgrades	1,755	7,512	9,000
Total Maintenance - As required	<u>\$ 12,756</u>	<u>\$ 18,665</u>	<u>\$ 89,500</u>
Erosion repair and storm drainage - As required			
Detention ponds & storm drainage	2,510	16,323	75,000
Shade Tree Lane erosion	32,560	-	-
Storm drainage (including Engineering)	2,673	10,000	20,000
Timbers Creek	5,147	765	10,000
Timbers Creek IGA	25,000	-	100,000
Total Erosion repair and storm drainage	<u>\$ 67,890</u>	<u>\$ 27,088</u>	<u>\$ 205,000</u>
Capital Outlay			
Entryway - Autumn Oaks	-	-	20,000
Entryway (Six)	44,772	25,000	40,000
Equipment purchase	39,237	10,375	23,000
Fountain pond	5,675	2,712	5,000
High Prairie Farms at the Lake - Monument	3,962	-	-
Highway 83 Trail	-	4,418	-
Mailboxes and landscape	4,870	5,000	10,000
New signage, traffic, & speed mitigation	19,102	22,000	20,000
Playground equipment replacement	-	1,370	5,000
Rockwall	-	1,000	10,000
Sprinkler replacement - Filing 27B/29	-	6,000	6,000
Trails and sidewalks	-	-	50,000
Total Capital Outlay	<u>\$ 117,618</u>	<u>\$ 77,875</u>	<u>\$ 189,000</u>
Total expenditures	<u>628,881</u>	<u>581,000</u>	<u>1,124,000</u>
Total expenditures and transfers out requiring appropriation	<u>628,881</u>	<u>581,000</u>	<u>1,124,000</u>
ENDING FUND BALANCE	<u>\$ 795,292</u>	<u>\$ 843,222</u>	<u>\$ 364,063</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
2019 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 2019.

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 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.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the Budget at the adopted mill levy of 12.000 mills, which is the same as the 2017 levy for collection in 2018, 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 budget assumes that the District's share will be equal to approximately 6% of the property taxes collected by the General Fund.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of 1.50%.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

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.

Expenditures for trails and sidewalks include various items such as dog stations and signage.

Erosion Repair and Storm Drainage

On December 13, 2017, the District entered into an agreement with Urban Drainage and Flood Control District and Douglas County to construct drainage and flood control improvements for Timbers Creek downstream of Fox Sparrow Road. In 2017, the District contributed \$25,000 to this project. In 2019, the District has agreed to commit an additional \$100,000 to this project.

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 2019 as defined under TABOR.

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 rock walls. 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 budget.