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**Accountant's Compilation Report**

Board of Directors  
Big Dry Creek Metropolitan District  
Adams County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Big Dry Creek Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. 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 American Institute of Certified Public Accountants. 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.

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 Big Dry Creek Metropolitan District.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 8, 2018

**BIG DRY CREEK METROPOLITAN DISTRICT  
SUMMARY  
2018 BUDGET AS ADOPTED  
WITH 2016 ACTUAL AND 2017 ESTIMATED  
For the Years Ended and Ending December 31,**

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ (11,104)	\$ 31,421	\$ 5,711,636
REVENUES			
1 Property taxes	40,429	94,587	199,850
2 Specific ownership taxes	3,330	7,567	21,980
3 Developer advance	-	9,813,419	5,000,000
4 Net investment income	183	27,611	28,400
5 Bond proceeds - Series 2017A	-	9,740,000	-
6 Operations fees	51,654	66,813	123,000
7 Bond proceeds - Series 2017B	-	1,288,000	-
8 Bond proceeds - Series 2017C	-	1,865,000	-
Total revenues	<u>95,596</u>	<u>22,902,997</u>	<u>5,373,230</u>
TRANSFERS IN	-	2,753,568	-
Total funds available	<u>84,492</u>	<u>25,687,986</u>	<u>11,084,866</u>
EXPENDITURES			
9 General and administration			
10 Accounting	12,699	25,000	20,000
11 Audit	-	-	4,700
12 Contingency	-	-	364
13 County Treasurer's fees	606	1,419	736
14 Director expense	-	-	2,000
15 Dues and membership	-	394	400
16 Election	1,389	-	2,000
17 Insurance	2,932	3,328	4,500
18 Legal	14,580	50,000	25,000
19 Miscellaneous	411	1,000	1,000
20 Operations and maintenance			
21 Backflow testing	-	-	-
22 Community activities	-	-	8,000
23 Gas & Electric	-	-	300
24 Grounds maintenance contract	-	1,000	51,000
25 Grounds repair and maintenance	-	-	3,000
26 Grounds sprinkler repair	-	-	1,000
27 Lighting	-	-	50
28 Management	11,936	13,200	14,800
29 Miscellaneous	-	50	500
30 Postage and Delivery	518	1,250	925
31 Snow removal	-	-	4,000
32 Tract conveyance	-	-	1,200
33 Transfer fees	-	8,000	21,000
34 Underdrain maintenance	-	-	15,000
35 Water and Sewer - Irrigation	-	-	10,000
36 Debt service			
37 Bond interest Series 2017A	-	322,029	560,050
38 County Treasurer's fees	-	-	2,261
39 Paying agent fees	-	-	6,000
40 Series 2011A Note - Interest	-	282,010	-
41 Series 2011A Note - Principal	-	550,800	-
42 Capital projects			
43 Accounting	-	3,000	-
44 Capital Outlay	-	5,738,828	5,000,000
45 Issue Costs	8,000	556,760	-
46 Legal	-	2,000	-
47 Repay Developer Advance	-	9,662,715	4,020,000
Total expenditures	<u>53,071</u>	<u>17,222,782</u>	<u>9,779,786</u>
TRANSFERS OUT	-	2,753,568	-
Total expenditures and transfers out requiring appropriation	<u>53,071</u>	<u>19,976,350</u>	<u>9,779,786</u>
ENDING FUND BALANCES	\$ 31,421	\$ 5,711,636	\$ 1,305,079
EMERGENCY RESERVE			
Surplus fund	\$ 1,310	\$ 3,100	\$ 1,700
TOTAL RESERVE	<u>\$ 1,310</u>	<u>\$ 848,742</u>	<u>\$ 1,020,419</u>

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

**BIG DRY CREEK METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
For the Years Ended and Ending December 31,**

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
<b>ASSESSED VALUATION - ADAMS</b>			
Residential	\$ 8,830	\$ 1,219,610	\$ 1,854,680
Agricultural	9,370	9,370	5,700
Vacant Land	552,030	344,830	801,880
Personal Property	1,560	1,600	36,090
Oil & Gas	101,640	1,040	28,970
Certified Assessed Value	<u>\$ 673,430</u>	<u>\$ 1,576,450</u>	<u>\$ 2,727,320</u>
<b>MILL LEVY</b>			
GENERAL FUND	60.000	60.000	18.000
DEBT SERVICE FUND	-	-	55.277
Total Mill Levy	<u>60.000</u>	<u>60.000</u>	<u>73.277</u>
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ 40,406	\$ 94,587	\$ 49,092
DEBT SERVICE FUND	-	-	150,758
Levied property taxes	40,406	94,587	199,850
Adjustments to actual/rounding	23	-	-
Budgeted Property Taxes	<u>\$ 40,429</u>	<u>\$ 94,587</u>	<u>\$ 199,850</u>
<b>BUDGETED PROPERTY TAXES</b>			
GENERAL FUND	\$ 40,429	\$ 94,587	\$ 49,092
DEBT SERVICE FUND	-	-	150,758
	<u>\$ 40,429</u>	<u>\$ 94,587</u>	<u>\$ 199,850</u>

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

**BIG DRY CREEK METROPOLITAN DISTRICT  
GENERAL FUND  
2018 BUDGET AS ADOPTED  
WITH 2016 ACTUAL AND 2017 ESTIMATED  
For the Years Ended and Ending December 31,**

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ (8,838)	\$ 2,487	\$ 23,800
REVENUES			
1 Property taxes	40,429	94,587	49,092
2 Specific ownership taxes	3,330	7,567	5,400
3 Net investment income	183	300	400
Total revenues	43,942	102,454	54,892
Total funds available	35,104	104,941	78,692
EXPENDITURES			
General and administration			
4 Accounting	12,699	25,000	20,000
5 Audit	-	-	4,700
6 Contingency	-	-	364
7 County Treasurer's fees	606	1,419	736
8 Director expense	-	-	2,000
9 Dues and membership	-	394	400
10 Election	1,389	-	2,000
11 Insurance	2,932	3,328	4,500
12 Legal	14,580	50,000	25,000
13 Miscellaneous	411	1,000	1,000
Total expenditures	32,617	81,141	60,700
Total expenditures and transfers out requiring appropriation	32,617	81,141	60,700
ENDING FUND BALANCES	\$ 2,487	\$ 23,800	\$ 17,992
EMERGENCY RESERVE	\$ 1,310	\$ 3,100	\$ 1,700
TOTAL RESERVE	\$ 1,310	\$ 3,100	\$ 1,700

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

**BIG DRY CREEK METROPOLITAN DISTRICT  
OPERATIONS FEE  
FORECASTED 2018 BUDGET AS ADOPTED  
WITH 2016 ACTUAL AND 2017 ESTIMATED  
For the Years Ended and Ending December 31,**

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ (2,266)	\$ 36,934	\$ 80,248
REVENUES			
1 Operations fees	51,654	66,813	123,000
Total revenues	<u>51,654</u>	<u>66,813</u>	<u>123,000</u>
Total funds available	<u>49,388</u>	<u>103,747</u>	<u>203,248</u>
EXPENDITURES			
Operations and maintenance			
2 Backflow testing	-	-	-
3 Community activities	-	-	8,000
4 Gas & Electric	-	-	300
5 Grounds maintenance contract	-	1,000	51,000
6 Grounds repair and maintenance	-	-	3,000
7 Grounds sprinkler repair	-	-	1,000
8 Lighting	-	-	50
9 Management	11,936	13,200	14,800
10 Miscellaneous	-	50	500
11 Postage and Delivery	518	1,250	925
12 Snow removal	-	-	4,000
13 Tract conveyance	-	-	1,200
14 Transfer fees	-	8,000	21,000
15 Underdrain maintenance	-	-	15,000
16 Water and Sewer - Irrigation	-	-	10,000
Total expenditures	<u>12,454</u>	<u>23,500</u>	<u>130,775</u>
Total expenditures and transfers out requiring appropriation	<u>12,454</u>	<u>23,500</u>	<u>130,775</u>
ENDING FUND BALANCES	<u>\$ 36,934</u>	<u>\$ 80,248</u>	<u>\$ 72,473</u>

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

**BIG DRY CREEK METROPOLITAN DISTRICT**  
**DEBT SERVICE FUND**  
**2018 BUDGET AS ADOPTED**  
**WITH 2016 ACTUAL AND 2017 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 1,607,588
REVENUES			
1 Property taxes	-	-	150,758
2 Specific ownership taxes	-	-	16,580
3 Net investment income	-	8,859	8,000
Total revenues	<u>-</u>	<u>8,859</u>	<u>175,338</u>
TRANSFERS IN			
CAPITAL PROJECTS FUND	-	2,753,568	-
Total transfers in	<u>-</u>	<u>2,753,568</u>	<u>-</u>
Total funds available	<u>-</u>	<u>2,762,427</u>	<u>1,782,926</u>
EXPENDITURES			
Debt service			
4 Bond interest Series 2017A	-	322,029	560,050
5 County Treasurer's fees	-	-	2,261
6 Paying agent fees	-	-	6,000
7 Series 2011A Note - Interest	-	282,010	-
8 Series 2011A Note - Principal	-	550,800	-
Total expenditures	<u>-</u>	<u>1,154,839</u>	<u>568,311</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>1,154,839</u>	<u>568,311</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 1,607,588</u>	<u>\$ 1,214,615</u>
Surplus fund	<u>\$ -</u>	<u>\$ 845,642</u>	<u>\$ 1,018,719</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 845,642</u>	<u>\$ 1,018,719</u>

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

**BIG DRY CREEK METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
2018 BUDGET AS ADOPTED  
WITH 2016 ACTUAL AND 2017 ESTIMATED  
For the Years Ended and Ending December 31,**

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ (8,000)	\$ 4,000,000
REVENUES			
1 Developer advance	-	9,813,419	5,000,000
2 Net investment income	-	18,452	20,000
3 Bond proceeds - Series 2017A	-	9,740,000	-
4 Bond proceeds - Series 2017B	-	1,288,000	-
5 Bond proceeds - Series 2017C	-	1,865,000	-
Total revenues	-	22,724,871	5,020,000
Total funds available	-	22,716,871	9,020,000
EXPENDITURES			
Capital projects			
6 Accounting	-	3,000	-
7 Capital Outlay	-	5,738,828	5,000,000
8 Issue Costs	8,000	556,760	-
9 Legal	-	2,000	-
10 Repay Developer Advance	-	9,662,715	4,020,000
Total expenditures	8,000	15,963,303	9,020,000
TRANSFERS OUT			
DEBT SERVICE FUND			
Total transfers out	-	2,753,568	-
Total expenditures and transfers out requiring appropriation	8,000	18,716,871	9,020,000
ENDING FUND BALANCES	\$ (8,000)	\$ 4,000,000	\$ -

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

**BIG DRY CREEK METROPOLITAN DISTRICT  
2018 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Big Dry Creek Metropolitan District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams County, Colorado. The District was established to provide public streets, traffic and safety, water, sewer, park and recreation, television relay and translation, and mosquito control facilities and improvements for the use and benefit of the inhabitants and taxpayers of the District.

On November 6, 2007, the District's voter's authorized total general obligation indebtedness of \$48,000,000 for the above listed facilities and, with a maximum debt mill levy of 50.000 mills as adjusted for changes in the assessment ratio. The adjusted mill levy for the change in the assessment ratio from 7.96% to 7.2% is 55.277 mills.

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

The District prepares its budget on the modified accrual basis of accounting and in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

**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.

**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 8.0% of all the property taxes collected.

**Developer Advances**

The District is in the development stage. As such, capital infrastructure costs have been 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 bond proceeds and other legally available revenue.



**BIG DRY CREEK METROPOLITAN DISTRICT  
2018 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

**Operations Fees**

The District imposes a monthly fee of \$47.00 from the homeowners and collects a \$500 fee at closing from each new homeowner to pay for the costs of landscaping, maintenance and management.

**Expenditures**

**Administrative and Operating Expenditures**

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, covenant control, insurance and meeting expense.

**Maintenance Expenditures**

Anticipated expenditures for maintenance are outlined in the Operations fund of the Budget.

**Debt and Leases**

The District issued Senior Bonds and Subordinate Bonds on May 4, 2017, in the amounts of \$9,740,000 and \$1,288,000, respectively. Proceeds from the sale of the Senior Bonds were used for the purposes of: (i) reimbursing a portion of the costs of acquiring, constructing, and installing certain public improvements; (ii) refunding the District's outstanding General Obligation Subordinate Promissory Note, Series 2011A; (iii) providing an initial deposit to the Surplus Fund; (iv) providing capitalized interest; and (v) paying the costs of issuing the Bonds. Proceeds from the sale of the Subordinate Bonds will be used to reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements.

The Senior Bonds bear interest at the rate of 5.75% per annum payable semi-annually on June 1 and December 1, beginning on June 1, 2017. Annual mandatory sinking fund principal payments on the Senior Bonds are due on December 1, beginning on December 1, 2022. The Senior Bonds mature on December 1, 2047. In the event that any amount of principal or interest on the Senior Bonds remains unpaid after the application of all Senior Pledged Revenue on December 1, 2057, the Senior Bonds are to be deemed discharged.

The Subordinate Bonds bear interest at the rate of 7.75% per annum payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amount of principal or interest on the Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue on December 15, 2057, the Subordinate Bonds are to be deemed discharged.

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, net of any costs of collection, consisting of:

- (a) all Senior Property Tax Revenues derived from the Senior Required Mill Levy;

**BIG DRY CREEK METROPOLITAN DISTRICT  
2018 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

- (b) all Specific Ownership Tax attributable to the Senior Required Mill Levy;
- (c) all Capital Fees, if any; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Prior to the time when the Debt to Assessed Ratio is 50% or less, the Senior Bonds are also secured by amounts accumulated in the Surplus Fund, if any.

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of any costs of collection, consisting of:

- (a) all Subordinate Property Taxes derived from the Subordinate Required Mill Levy;
- (b) all Specific Ownership Tax attributable to the Subordinate Required Mill Levy;
- (c) all Subordinate Capital Fees, if any;
- (d) any amounts in the Surplus Fund upon the termination of such fund pursuant to the Senior Indenture; and
- (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Prior to the date that the Debt to Assessed Ratio is equal to 50% or less, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$1,948,000. Except for the initial deposit of \$840,000 to the Surplus Fund from bond proceeds, the Surplus Fund is to be funded solely from deposits of Senior Pledged Revenue. The forecast anticipates that the Surplus Fund will be drawn upon in 2019 and 2020 to meet debt service requirements of the Senior Bonds. When the Debt to Assessed Ratio is equal to or less than 50%, the Surplus Fund will be terminated and any moneys therein applied to any legal purpose of the District. The Subordinate Indenture provides that any amounts in the Surplus Fund upon the termination of such fund pursuant to the Senior Indenture are pledged to the payment of the Subordinate Bonds. The District has acknowledged that State Law places certain restrictions on the use of money derived from the Senior Required Mill Levy.

Cumulative surplus cash in the Debt Service Fund will be use for the repayment of 2017C Bonds which were issued on August 2, 2017 with a par amount of \$1,865,000. The Junior Lien Bonds bear interest at the rate of 9.0% per annum payable annually on December 15, but only to the extent of available Junior Lien Pledged Revenue. The Junior Lien Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Junior Lien Bonds compounds annually on each December 15. In no event is any principal or interest to be paid on the Junior Lien Bonds until the Subordinate Bonds, and to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations, have been paid in full or defeased. In the event any amount of principal or interest on the Junior Lien Bonds remains unpaid after the application of all Junior Lien Pledged Revenue on December 15, 2057, the Junior Lien Bonds are to be deemed discharged.

**BIG DRY CREEK METROPOLITAN DISTRICT  
2018 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Reserves**

**Emergency Reserve**

The district has provided for an emergency reserve equal to at least 3% of the fiscal year spending, as defined under TABOR

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

**BIG DRY CREEK METROPOLITAN DISTRICT  
DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2017**

**\$9,740,000 Limited Tax (Convertible to Unlimited Tax)  
General Obligation Refunding and Improvement Bonds  
Issue date May 4, 2017  
Principal Due Annually December 1  
Interest at 5.750%  
Due June 1 and December 1**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	-	560,050	560,050
2019	-	560,050	560,050
2020	-	560,050	560,050
2021	-	560,050	560,050
2022	30,000	560,050	590,050
2023	115,000	558,325	673,325
2024	135,000	551,712	686,712
2025	140,000	543,950	683,950
2026	165,000	535,900	700,900
2027	170,000	526,412	696,412
2028	195,000	516,637	711,637
2029	210,000	505,425	715,425
2030	235,000	493,350	728,350
2031	250,000	479,837	729,837
2032	275,000	465,462	740,462
2033	290,000	449,650	739,650
2034	325,000	432,975	757,975
2035	345,000	414,287	759,287
2036	380,000	394,450	774,450
2037	400,000	372,600	772,600
2038	440,000	349,600	789,600
2039	465,000	324,300	789,300
2040	505,000	297,563	802,563
2041	535,000	268,525	803,525
2042	580,000	237,763	817,763
2043	615,000	204,413	819,413
2044	665,000	169,050	834,050
2045	705,000	130,813	835,813
2046	765,000	90,275	855,275
2046	805,000	46,288	851,288
	<u>\$ 9,740,000</u>	<u>\$ 12,159,812</u>	<u>\$ 21,899,812</u>