



CliftonLarsonAllen LLP
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Accountant's Compilation Report

Board of Directors
E-470 Potomac Metropolitan District
Douglas County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of E-470 Potomac Metropolitan District for the year ending December 31, 2016, including the estimate of comparative information for the year ending December 31, 2015 and the actual comparative information for the year ending December 31, 2014, 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 E-470 Potomac Metropolitan District.

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

Greenwood Village, Colorado
December 28, 2015

**E-470 POTOMAC METROPOLITAN DISTRICT
SUMMARY
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,**

12/28/2015

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ 37,187	\$ 35,166	\$ 40,931
REVENUES			
1 Property taxes	237,172	237,184	273,360
2 Specific ownership taxes	21,279	22,349	27,330
3 Conservation Trust entitlement	3,206	3,400	3,400
4 Net investment income	268	32	100
Total revenues	261,925	262,965	304,190
TRANSFERS IN	-	9,634	-
Total funds available	299,112	307,765	345,121
EXPENDITURES			
5 General and administration			
6 Accounting	6,362	9,000	9,000
7 County Treasurer's fees	460	460	530
8 District management	10,260	9,000	9,000
9 Dues and membership	369	305	500
10 Election	8,203	-	3,500
11 Insurance	2,433	2,427	2,550
12 Legal	3,069	4,000	4,000
13 Miscellaneous	1,190	804	500
14 Reimburse to CBC	6,562	-	9,391
15 Operations and maintenance			
16 Park and open space improvements	-	5,225	25,000
17 Debt service			
18 County Treasurer's fees	3,101	3,098	3,570
19 Transfer to CBC	221,937	222,881	258,249
Total expenditures	263,946	257,200	325,790
TRANSFERS OUT	-	9,634	-
Total expenditures and transfers out requiring appropriation	263,946	266,834	325,790
ENDING FUND BALANCES	\$ 35,166	\$ 40,931	\$ 19,331
EMERGENCY RESERVE	\$ 1,100	\$ 1,100	\$ 1,200
TOTAL RESERVE	\$ 1,100	\$ 1,100	\$ 1,200

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

**E-470 POTOMAC METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

12/28/2015

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
ASSESSED VALUATION -			
Residential	\$ 5,145,320	\$ 5,145,320	\$ 5,940,470
Vacant Land	10	10	10
Personal Property	39,904	40,200	36,000
State Assessed	319	300	300
Certified Assessed Value	<u>\$ 5,185,553</u>	<u>\$ 5,185,830</u>	<u>\$ 5,976,780</u>
MILL LEVY			
GENERAL FUND	5.913	5.913	5.913
DEBT SERVICE FUND	39.824	39.824	39.824
Total Mill Levy	<u>45.737</u>	<u>45.737</u>	<u>45.737</u>
PROPERTY TAXES			
GENERAL FUND	\$ 30,662	\$ 30,664	\$ 35,341
DEBT SERVICE FUND	206,509	206,520	238,019
Levied property taxes	<u>237,171</u>	<u>237,184</u>	<u>273,360</u>
Adjustments to actual/rounding	1	-	-
Budgeted Property Taxes	<u>\$ 237,172</u>	<u>\$ 237,184</u>	<u>\$ 273,360</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 30,662	\$ 30,664	\$ 35,341
DEBT SERVICE FUND	206,510	206,520	238,019
	<u>\$ 237,172</u>	<u>\$ 237,184</u>	<u>\$ 273,360</u>

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

**E-470 POTOMAC METROPOLITAN DISTRICT
GENERAL FUND
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,**

12/28/2015

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ 17,271	\$ 12,044	\$ 10,000
REVENUES			
1 Property taxes	30,662	30,664	35,341
2 Specific ownership taxes	2,751	2,890	3,530
3 Net investment income	268	32	100
Total revenues	33,681	33,586	38,971
Total funds available	50,952	45,630	48,971
EXPENDITURES			
General and administration			
4 Accounting	6,362	9,000	9,000
5 County Treasurer's fees	460	460	530
6 District management	10,260	9,000	9,000
7 Dues and membership	369	305	500
8 Election	8,203	-	3,500
9 Insurance	2,433	2,427	2,550
10 Legal	3,069	4,000	4,000
11 Miscellaneous	1,190	804	500
12 Reimburse to CBC	6,562	-	9,391
Total expenditures	38,908	25,996	38,971
TRANSFERS OUT			
CONSERVATION TRUST FUND	-	9,634	-
Total transfers out	-	9,634	-
Total expenditures and transfers out requiring appropriation	38,908	35,630	38,971
ENDING FUND BALANCES	\$ 12,044	\$ 10,000	\$ 10,000
EMERGENCY RESERVE	\$ 1,100	\$ 1,100	\$ 1,200
TOTAL RESERVE	\$ 1,100	\$ 1,100	\$ 1,200

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

**E-470 POTOMAC METROPOLITAN DISTRICT
DEBT SERVICE FUND
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,**

12/28/2015

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Property taxes	206,510	206,520	238,019
2 Specific ownership taxes	18,528	19,459	23,800
Total revenues	225,038	225,979	261,819
Total funds available	225,038	225,979	261,819
EXPENDITURES			
Debt service			
3 County Treasurer's fees	3,101	3,098	3,570
4 Transfer to CBC	221,937	222,881	258,249
Total expenditures	225,038	225,979	261,819
Total expenditures and transfers out requiring appropriation	225,038	225,979	261,819
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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

**E-470 POTOMAC METROPOLITAN DISTRICT
 CONSERVATION TRUST FUND
 2016 BUDGET AS ADOPTED
 WITH 2014 ACTUAL AND 2015 ESTIMATED
 For the Years Ended and Ending December 31,**

12/28/2015

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ 19,916	\$ 23,122	\$ 30,931
REVENUES			
1 Conservation Trust entitlement	3,206	3,400	3,400
Total revenues	<u>3,206</u>	<u>3,400</u>	<u>3,400</u>
TRANSFERS IN			
GENERAL FUND	-	9,634	-
Total transfers in	<u>-</u>	<u>9,634</u>	<u>-</u>
Total funds available	<u>23,122</u>	<u>36,156</u>	<u>34,331</u>
EXPENDITURES			
Operations and maintenance			
2 Park and open space improvements	-	5,225	25,000
Total expenditures	<u>-</u>	<u>5,225</u>	<u>25,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>5,225</u>	<u>25,000</u>
ENDING FUND BALANCES	<u>\$ 23,122</u>	<u>\$ 30,931</u>	<u>\$ 9,331</u>

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

**E-470 POTOMAC METROPOLITAN DISTRICT
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized on November 3, 1998, 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 as part of a master-planned development known as Compark and will provide water and wastewater service, street construction, installation of safety control devices, construction and maintenance of parks and recreation facilities and public transportation. The District has entered into an agreement with Compark Business Campus Metropolitan District (CBC), where CBC will operate, maintain and replace such facilities until they have been transferred or conveyed to Douglas County or another district upon final approval and acceptance by the County or other district.

The District consists of 241 homes.

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.

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 at the total adopted mill levy of 45.737.

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 by the General Fund and Debt Service Fund.

**E-470 POTOMAC METROPOLITAN DISTRICT
2016 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 0.25%.

Conservation Trust Funds

The District receives revenue from the State Lottery on a per capita basis ratio. The revenue is restricted for recreation purposes under State statutes.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, park and open space improvements and other administrative expenditures.

Compark Business Campus Metropolitan District Reimbursement

During 2016, the District anticipates reimbursing CBC \$9,391 of the \$15,339 payable to CBC for the District's organization costs.

County Treasurer's Fees

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

Debt Service

On November 20, 1998, the District entered into a Facilities Construction and Service Agreement with CBC to set forth the rights and obligations of the District to assist in the repayment of indebtedness, and for CBC to issue indebtedness for services that would benefit both Districts. The Agreement has been amended several times. In 2004, the District and CBC entered in an Amendment that determined that the District's liability for debt service to CBC only extended to a portion of CBC's 1999 bond issue and that the District would have no obligation for future bond issues (unless the District agrees otherwise). The effect of the Amendment was to set the District's debt service mill levy at 35 mills, which would be increased or decreased in future years for changes in the ratio of assessed value caused by Art. X, Sec. 3 of the Colorado Constitution (i.e., the "Gallagher Amendment") or other change in law, and to set the end date for debt service payments at 2018. The Amendments limit the District's obligation under the agreement to repaying the District's obligations for CBC's General Obligation Bonds, Series 1999 (having an outstanding balance on December 31, 2007 of \$13,780,000). The refunding of the CBC bonds in 2007 resulted in a savings to the District. Therefore, the debt service mill levy, beginning in 2008, was decreased. The District's obligations with respect to the bonds will be satisfied in 2018. During 2016, it is anticipated that the District will assist in the repayment of indebtedness of approximately \$258,249. This is only a summary of the Agreement and its Amendments. Those interested should review the full text.

**E-470 POTOMAC METROPOLITAN DISTRICT
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The District has no outstanding bond indebtedness or any operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2016, as defined under TABOR.

This information is an integral part of the accompanying budget.