



**SCHILLING & COMPANY, INC.**

*Certified Public Accountants*

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### **Accountant's Compilation Report**

Board of Directors  
Cuchares Ranch Metropolitan District  
El Paso County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances for the General Fund and Debt Service Fund of the Cuchares Ranch Metropolitan District for the year ending December 31, 2015 including forecasted estimates of comparative information for the year ending December 31, 2014, and the schedule of debt service requirements which is presented for additional analysis purposes only 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 examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenues, expenditures and fund balances or assumptions. 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 or circumstances occurring after the date of this report.

The actual historical information for the year 2013 is presented for comparative purposes only. Such information is taken from the audited basic financial statements of the Cuchares Ranch Metropolitan District for the year ended December 31, 2013. The financial statements for the year ended December 31, 2013, were audited by Dazzio & Plutt LLC and they expressed an unqualified opinion in their report dated May 5, 2014.

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 Cuchares Ranch Metropolitan District.

*SCHILLING & COMPANY, INC.*

Schilling & Company, Inc.  
December 3, 2014

**CUCHARS RANCH METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2013</u>	<u>ESTIMATED 2014</u>	<u>ADOPTED BUDGET 2015</u>
<b>ASSESSED VALUATION</b>			
El Paso County			
Certified Assessed Value	<u>\$ 2,417,800</u>	<u>\$ 4,005,980</u>	<u>\$ 5,347,590</u>
<b>MILL LEVY</b>			
Debt Service	<u>45.000</u>	<u>45.000</u>	<u>45.000</u>
Total mill levy	<u>45.000</u>	<u>45.000</u>	<u>45.000</u>
<b>PROPERTY TAXES</b>			
Debt Service	<u>\$ 108,801</u>	<u>\$ 180,269</u>	<u>\$ 240,642</u>
Levied property taxes	<u>108,801</u>	<u>180,269</u>	<u>240,642</u>
Adjustments to actual/rounding	<u>13</u>	<u>(3)</u>	<u>-</u>
Budgeted property taxes	<u>\$ 108,814</u>	<u>\$ 180,266</u>	<u>\$ 240,642</u>
<b>PROPERTY TAXES BY FUND</b>			
Debt Service	<u>\$ 108,814</u>	<u>\$ 180,266</u>	<u>\$ 240,642</u>
	<u>\$ 108,814</u>	<u>\$ 180,266</u>	<u>\$ 240,642</u>

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
FORECASTED 2015 BUDGET AS ADOPTED  
WITH 2013 ACTUAL AND 2014 ESTIMATED  
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2013</u>	<u>ESTIMATED 2014</u>	<u>ADOPTED BUDGET 2015</u>
<b>BEGINNING FUND BALANCE</b>	\$ 27,416	\$ 26,331	\$ 22,177
<b>REVENUE</b>			
Total revenue	-	-	-
<b>TRANSFERS IN</b>			
Transfer from Debt Service Fund	30,000	30,000	30,000
Total transfers in	30,000	30,000	30,000
Total funds available	57,416	56,331	52,177
<b>EXPENDITURES</b>			
General Government			
Legal	21,122	20,000	20,000
Accounting	1,651	3,500	3,700
Audit	4,644	3,500	3,700
Director fees	753	981	1,100
Insurance	1,934	1,814	2,000
Office supplies	22	210	250
Election	-	3,785	-
Bank service charges	359	(206)	25
Dues and subscriptions	314	320	350
Other	286	250	250
Contingency	-	-	2,000
Total expenditures	31,085	34,154	33,375
Total expenditures and transfers out requiring appropriation	31,085	34,154	33,375
<b>ENDING FUND BALANCE</b>	<u>\$ 26,331</u>	<u>\$ 22,177</u>	<u>\$ 18,802</u>
<b>EMERGENCY RESERVE</b>	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ 900</u>

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
FORECASTED 2015 BUDGET AS ADOPTED  
WITH 2013 ACTUAL AND 2014 ESTIMATED  
For the Years Ended and Ending December 31,**

	<u>ACTUAL 2013</u>	<u>ESTIMATED 2014</u>	<u>ADOPTED BUDGET 2015</u>
<b>BEGINNING FUND BALANCE</b>	\$ 48,737	\$ 136,582	\$ 303,007
<b>REVENUE</b>			
Property tax	108,814	180,266	240,642
Specific ownership taxes	<u>10,863</u>	<u>19,063</u>	<u>25,448</u>
Total revenue	<u>119,677</u>	<u>199,329</u>	<u>266,090</u>
 Total funds available	 <u>168,414</u>	 <u>335,911</u>	 <u>569,097</u>
<b>EXPENDITURES</b>			
Treasurer's fees	1,632	2,704	3,610
Paying agent fees	200	200	300
Contingency	<u>-</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>1,832</u>	<u>2,904</u>	<u>5,910</u>
<b>TRANSFERS OUT</b>			
Transfer to General Fund	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Total transfers out	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
 Total expenditures and transfers out requiring appropriation	 <u>31,832</u>	 <u>32,904</u>	 <u>35,910</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 136,582</u>	<u>\$ 303,007</u>	<u>\$ 533,187</u>

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

**CUCHARES RANCH METROPOLITAN DISTRICT  
2015 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Disclosures contained in this summary as presented by management, are those that are believed to be significant as of the date of the compilation report and are not intended to be all-inclusive. The disclosures are intended to describe assumptions used during the preparation of the 2015 annual budget. Actual results may differ from the prospective results contained in the budget.

**SERVICES PROVIDED**

The Cuchares Ranch Metropolitan District (the "District"), was organized in El Paso County to provide financing for the construction, operation and maintenance of public infrastructure improvements within the District's boundaries. Since organization, all District services have been provided by the Colorado Centre Metropolitan District pursuant to an inclusion agreement recorded 10/21/2010 (Reception No. 210105509, El Paso County, Colorado).

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

**REVENUE**

*Property Tax*

Property taxes are forecasted based on the mill levy adopted applied to the annual assessed valuation. The calculation of the taxes levied is displayed on page two of the budget at the adopted total mill levy of 45.000 in the Debt Service Fund. In accordance with the bond documents, \$30,000 of the property tax revenue will be transferred to the General Fund for use for operational purposes.

*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 10.8% of the property taxes collected. In accordance with the bond documents, the specific ownership taxes are pledged revenue on the bonds and are recorded in the Debt Service Fund.

*Investment Income*

Interest earned on the District's available funds has been estimated based on interest earnings from the prior year.

**EXPENDITURES**

*Administrative Expenditures*

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

**CUCHARS RANCH METROPOLITAN DISTRICT  
2015 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**DEBT AND LEASES**

During 2012 the District issued \$4,545,000 in non-rated, convertible capital appreciation bonds. Interest and principal payments are provided based on the debt amortization schedule from the Developer Bond, Series 2011. Debt service payments are scheduled to begin in 2016.

During 2014 the District entered into an annually appropriated Revenue and Limited Tax Obligation Promissory Note (Note) in the amount not to exceed \$300,000, effective January 1, 2015. This Note is subordinate to the convertible capital appreciation bonds.

The District has no operating or capital leases.

**RESERVES**

The District has provided for an emergency reserve fund of at least 3% of fiscal year spending for 2015, as defined under TABOR.

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS**

<u>Year ended December 31,</u>	<b>\$4,545,000</b>		
	<b>General Obligation Limited Tax Capital Appreciation Bonds, Series 2011 Bearing Interest at 6.5%</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ -	\$ -
2016	-	295,425	295,425
2017	-	295,425	295,425
2018	5,000	295,425	300,425
2019	45,000	295,100	340,100
2020	65,000	292,175	357,175
2021	70,000	287,950	357,950
2022	85,000	283,400	368,400
2023	90,000	277,875	367,875
2024	100,000	272,025	372,025
2025	110,000	265,525	375,525
2026	125,000	258,375	383,375
2027	130,000	250,250	380,250
2028	150,000	241,800	391,800
2029	160,000	232,050	392,050
2030	175,000	221,650	396,650
2031	190,000	210,275	400,275
2032	210,000	197,925	407,925
2033	225,000	184,275	409,275
2034	245,000	169,650	414,650
2035	265,000	153,725	418,725
2036	290,000	136,500	426,500
2037	310,000	117,650	427,650
2038	335,000	97,500	432,500
2039	360,000	75,725	435,725
2040	390,000	52,325	442,325
2041	415,000	26,975	441,975
	<u>\$ 4,545,000</u>	<u>\$ 5,486,975</u>	<u>\$ 10,031,975</u>

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