



Certified Public Accountants and Business Consultants

### Accountant's Compilation Report

Board of Directors  
Beebe Draw Farms Metropolitan District No. 2  
Weld County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures and fund balances of Beebe Draw Farms Metropolitan District No. 2 for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, the actual comparative information for the year ending December 31, 2016, and the adopted budget for the year ending December 31, 2017 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 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.

We draw attention to the Budget Message included in the budget submission to the State of Colorado which describes that the budgetary basis of accounting is the modified accrual basis in accordance with the requirements of Colorado Revised Statutes 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 Beebe Draw Farms Metropolitan District No. 2.

*Barnes Griggs & Associates, PC*

Lakewood, Colorado  
January 19, 2018

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Barnes Griggs & Associates, PC

**BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2**  
**Assessed Value, Property Tax and Mill Levy Information**

	<b>2016 Actual</b>	<b>2017 Adopted Budget</b>	<b>2018 Adopted Budget</b>
<b>Assessed Valuation</b>	\$ 26,777,030	\$ 9,767,890	\$ 9,074,140
<b>Assessed Valuation - Capital Pledge (2051)</b>	\$ -	\$ -	\$ 624,840
<b>Assessed Valuation - Capital Pledge (2055)</b>	\$ -	\$ -	\$ 404,550
 <b>Mill Levy</b>			
General Fund	45.000	38.000	39.300
Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	3.430	-	-
<b>Total Mill Levy</b>	<b>48.430</b>	<b>38.000</b>	<b>39.300</b>
 Capital Pledge (2051)	-	-	11.056
Capital Pledge (2055)	-	-	11.056
 <b>Property Taxes</b>			
General Fund	\$ 1,204,966	\$ 371,180	\$ 356,614
Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	91,122	-	-
Capital Pledge (2051)	-	-	6,908
Capital Pledge (2055)	-	-	4,473
 <b>Actual/Budgeted Property Taxes</b>	<b>\$ 1,296,088</b>	<b>\$ 371,180</b>	<b>\$ 367,995</b>

**BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2**

**GENERAL FUND  
2018 Adopted Budget  
with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated**

	<b>2016 Actual</b>	<b>2017 Adopted Budget</b>	<b>2017 Estimated</b>	<b>2018 Adopted Budget</b>
<b>BEGINNING FUND BALANCE</b>	\$ -	\$ -	\$ -	\$ -
<b>REVENUE</b>				
Property Taxes	1,296,090	371,180	371,181	356,614
Property Taxes (2051)	-	-	-	6,908
Property Taxes (2055)	-	-	-	4,473
Specific Ownership Taxes	77,929	35,836	23,000	33,648
Interest	324	420	1,000	500
Other Income	109	-	704	-
<b>Total Revenue</b>	<b>1,374,451</b>	<b>407,436</b>	<b>395,885</b>	<b>402,143</b>
<b>Total Funds Available</b>	<b>1,374,451</b>	<b>407,436</b>	<b>395,885</b>	<b>402,143</b>
<b>EXPENDITURES</b>				
Accounting	5,531	3,300	5,500	5,500
Audit Fees	3,676	3,500	3,500	3,500
Director's Fees	500	1,000	1,000	1,000
Payroll Taxes	46	77	77	77
Election Costs	891	-	-	1,000
Miscellaneous	473	500	500	500
Treasurer's Fee	19,441	5,568	5,568	5,520
Insurance and Bonds	4,202	4,500	3,129	4,000
Legal Services	11,321	3,500	5,600	5,000
Management	5,438	4,000	4,000	4,000
<b>Total O&amp;M Expenditures</b>	<b>51,520</b>	<b>25,945</b>	<b>28,874</b>	<b>30,097</b>
Emergency Reserve	-	12,223	11,877	12,064
Other Transfers & Expenditures	-	12,223	11,877	12,064
<b>Total Available for Distribution</b>	<b>1,322,930</b>	<b>369,268</b>	<b>355,135</b>	<b>359,982</b>
Trans. to Infrastructure Fund	722,025	929	76,481	44,077
Trans. to Amenities Fund	180,506	233	19,120	11,019
Transfer to Authority O&M	420,399	368,106	259,534	304,886
<b>Total Expenditures Requiring Appropriation</b>	<b>1,374,451</b>	<b>407,436</b>	<b>395,885</b>	<b>402,143</b>
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

This financial information should be read only in connection with the accompanying accountant's compilation report and budget message.

# **BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2**

## **2018 Budget Message**

### **Introduction**

Beebe Draw Farms Metropolitan District No. 2 (the “District”) was formed May 1999 for the purpose of providing design, financing, acquisition, and construction, of certain infrastructure improvements within the District and Beebe Draw Farms Metropolitan District No. 1.

The 2018 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2018 fiscal year based on available revenues. This budget provides for general operation of the District.

The District’s assessed value decreased by 7.1% to \$9,074,140 in 2017, due primarily to revaluation of oil and gas properties in the District. The District assessed a mill levy of 39.300 for tax collection in the 2018 fiscal year with all mills certified to the General Fund.

The District entered into that certain Initial District No. 2 Capital Pledge Agreement with the Beebe Draw Farms Authority (the “Authority”) on June 14, 2011 (the “Initial CPA”), for the purpose of funding costs related to public improvements within the boundaries of the Authority by the imposition of an ad valorem property tax mill levy. The District entered into that certain District No. 2 Capital Pledge Agreement (First Exclusion) with the Authority on August 4, 2016 (the “First Exclusion CPA”) for the purpose of refunding in full the Payment Obligation (as defined therein) represented by the Initial CPA, and continuing to provide for the funding of Actual Capital Costs (as defined therein) through the imposition of an ad valorem property tax mill levy. Subsequent to the execution of the First Exclusion CPA, thirty six (36) lots were excluded from the District, which lots are subject to the First Exclusion CPA (the “2051 Exclusion”) and forty-five (45) lots were excluded from the District, which lots are also subject to the First Exclusion CPA (the “2056 Exclusion”). The assessed valuation related to 2051 Exclusion and the 2056 Exclusion is \$624,840 and \$404,550 respectively. The Required Mill Levy to be imposed under the First Exclusion CPA is 50.000 mills less the total mills levied for operations and debt service in District No. 1 (which was levied at 40.000 mills), or 10.000 mills. The Colorado Constitution, Article X, Section 3 (the “Gallagher Adjustment”) and the District’s Service Plan, provide the District with the authority to adjust the Required Mill Levy in the event that the method of calculating the District’s assessed valuation is changed after January 1, 2004, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement, so that to the extent possible, as determined by the District Board of Directors, the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The Colorado General Assembly passed House Bill 17-1349 setting the ration of valuation for assessment for residential real property at 7.2% (decreased from 7.96%) for property taxes commencing on or after January 1, 2017 (the “2017 Adjustment”). The 2017 Adjustment shall be in effect until the next property tax year that the General Assembly

determines to adjust the ratio of valuation for assessment for residential real property. As such, the Gallagher Adjustment and the District's Service Plan, allow for an increase of the Required Mill Levy related to the 2051 Exclusion and the 2056 Exclusion from 10.000 mills to 11.056 so that the District's revenue is neither diminished nor enhanced.

### **Budgetary Basis of Accounting**

The District uses Funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. The District's General Fund is considered a Governmental Fund and is reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

### **Fund Summaries**

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax and expenditures which include district administration, legal services, audit, elections, and other expenses related to statutory operations of a local government. The General Fund transfers to Beebe Draw Farms Authority all annual revenues net of certain operating expenditures under the Authority Establishment Agreement.

### **Emergency Reserve**

As required by Section 20 of Article X of the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.