



**Ken-Caryl Ranch Master  
Association  
Financial Statements  
For the year ended  
December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ken-Caryl Ranch Master Association:

To the Board of Directors of Ken-Caryl Ranch Master Association

We have audited the accompanying financial statements of Ken-Caryl Ranch Master Association, which comprise the balance sheets as of December 31, 2017, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements. Information for the year ended December 31, 2016 is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year on which we expressed an unmodified opinion in our report dated April 26, 2017.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ken-Caryl Ranch Master Association as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


## INDEPENDENT AUDITOR'S REPORT - continued

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Fund Expenses, Budget and Actual on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Disclaimer of Opinion on Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements on page 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

  
James Moore & Associates, PC  
Certified Public Accountants  
Aurora, Colorado  
October 11, 2018

**Ken-Caryl Ranch Master Association**  
**Balance Sheets**  
**December 31, 2017**

(With Comparative Totals for December 31, 2016)

	December 31, 2017			December 2016 Total	
	Operating Fund	Reserve Fund	Special Projects Fund		Total
<b>ASSETS</b>					
Cash and cash equivalents	\$479,677	\$117,473	\$85,940	\$683,090	\$864,457
Certificates of deposit	700,000	1,372,000	300,000	2,372,000	2,212,000
Accounts receivable, net of Allowance for uncollectible accounts of \$34,573 and \$35,000 on 2017 and 2016 respectively					
Homeowners	36,563	0	0	36,563	25,100
Inventory	38,651	0	0	38,651	38,146
Due to/from other fund	(404,590)	6,578	398,012	0	0
Prepaid expenses	124,145	0	0	124,145	111,831
Interest receivable	0	2,695	0	2,695	20,174
Other assets	16,457	20,354	1,030	37,841	14,665
Drainage guarantee receivable	0	0	0	0	7,762
Property and equipment, net of Accumulated depreciation of \$1,179,571 and \$1,112,988 in 2017 and 2016, respectively	1,610,358	0	0	1,610,358	1,676,941
<b>Total Assets</b>	<b>\$2,601,261</b>	<b>\$1,519,100</b>	<b>\$784,982</b>	<b>\$4,905,343</b>	<b>\$4,971,076</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$55,313	\$0	\$0	\$55,313	\$63,904
Prepaid assessments	229,825	0	0	229,825	370,569
Other liabilities	16,005	0	0	16,005	11,143
Accrued payroll and related items	141,192	0	0	141,192	138,618
KCRMD Payable	9,662	0	0	9,662	23,383
<b>Total Liabilities</b>	<b>\$451,997</b>	<b>\$0</b>	<b>\$0</b>	<b>\$451,997</b>	<b>\$607,617</b>
Contributed capital	414,068	0	0	414,068	414,068
<b>Fund balances</b>	<b>1,735,196</b>	<b>1,519,100</b>	<b>784,982</b>	<b>4,039,278</b>	<b>3,949,391</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,601,261</b>	<b>\$1,519,100</b>	<b>\$784,982</b>	<b>\$4,905,343</b>	<b>\$4,971,076</b>

See accompanying notes and auditor's report.

**Ken-Caryl Ranch Master Association**  
**Statements of Revenues, Expenses, and Changes in Fund Balances**  
**Year Ended December 31, 2017**

(With Comparative Totals for December 31, 2016)

	December 31, 2017			December 2016 Total	
	Operating Fund	Reserve Fund	Special Projects Fund		Total
<b>REVENUES</b>					
Regular assessments	\$2,108,665	\$264,996	\$375,092	\$2,748,753	\$2,690,940
Investment income	7,569	19,832	3,427	30,828	21,968
Equestrian center revenue	537,360	15,000	22,920	575,280	594,114
Other revenues	124,995	6	0	125,001	128,673
Open space revenue	0	0	0	0	2,897
Advertising revenue	142,635	0	0	142,635	151,748
Insurance claim proceeds	0	0	0	0	15,129
	<u>\$2,921,224</u>	<u>\$299,834</u>	<u>\$401,439</u>	<u>\$3,622,497</u>	<u>\$3,605,469</u>
<b>EXPENSES</b>					
Operations and maintenance	\$966,168	\$0	\$0	\$966,168	\$1,187,413
General expenses	390,846	0	0	390,846	433,758
Administrative and general	391,709	0	0	391,709	411,885
Major repairs and replacements	0	321,858	0	321,858	215,545
Equestrian center expenses	522,360	0	0	522,360	578,583
Open space expenses	620,972	0	0	620,972	578,606
Contingency	29,169	0	0	29,169	11,963
Special Projects fund expenditures	0	0	222,945	222,945	174,412
	<u>\$2,921,224</u>	<u>\$321,858</u>	<u>\$222,945</u>	<u>\$3,466,027</u>	<u>\$3,592,165</u>
Excess of revenues over expenses, before non-cash expenses	0	(22,024)	178,494	156,470	13,304
<b>Equipment write-offs and Depreciation Expense</b>					
Write-off of abandoned property and equipment	0	0	0	0	(116,193)
Depreciation expense	(66,583)	0	0	(66,583)	(80,464)
Excess of revenues over expenses	(\$66,583)	(\$22,024)	\$178,494	\$89,887	(\$183,353)
Beginning fund balances	1,837,085	1,551,563	590,743	3,979,391	4,162,744
Transfer between funds	(5,306)	(10,439)	15,745	0	0
Ending fund balances	<u>\$1,765,196</u>	<u>\$1,519,100</u>	<u>\$784,982</u>	<u>\$4,069,278</u>	<u>\$3,979,391</u>

See accompanying notes and auditor's report.

**Ken-Caryl Ranch Master Association**  
**Statements of Cash Flows**  
**Year Ended December 31, 2017**

(With Comparative Totals for December 31, 2016)

	December 31, 2017			December 2016 Total	
	Operating Fund	Reserve Fund	Special Projects Fund		Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Excess / (Deficit) of revenues over expenses	(\$66,583)	(\$22,024)	\$178,494	\$89,887	(\$183,353)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided / (used) by operating activities:					
Depreciation expense	66,583	0	0	66,583	80,464
(Increase) decrease in:					
Accounts receivable					
Homeowners	(11,463)	0	0	(11,463)	2,718
Prepaid expenses	(12,314)	0	0	(12,314)	(10,289)
Interest receivable	0	17,479	(1,020)	16,459	(10,381)
Other assets	(3,836)	(18,320)	0	(22,156)	3,497
Drainage guarantee receivable	7,762	0	0	7,762	103,343
Increase (decrease) in:					
Accounts payable	(8,591)	0	0	(8,591)	42,441
Prepaid assessments	(140,744)	0	0	(140,744)	418
Other liabilities	4,862	0	0	4,862	(1,961)
Accrued payroll and related items	2,574	0	0	2,574	(25,033)
KCRMD Payable	(13,721)	0	0	(13,721)	(16,959)
Net Cash Provided / (Used) by Operating Activities	<u>(175,471)</u>	<u>(22,865)</u>	<u>177,474</u>	<u>(20,862)</u>	<u>(15,095)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Certificates of deposit	(50,000)	(110,000)	0	(160,000)	(261,000)
Property and equipment	0	0	0	0	116,193
Inventory	(505)	0	0	(505)	(3,662)
Net Cash Provided / (Used) by Investing Activities	<u>(50,505)</u>	<u>(110,000)</u>	<u>0</u>	<u>(160,505)</u>	<u>(148,469)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Due to/from other fund	333,744	(6,578)	(327,166)	0	0
Interfund transfers	(5,306)	(10,439)	15,745	0	0
Net Cash Provided / (Used) by Financing Activities	<u>328,438</u>	<u>(17,017)</u>	<u>(311,421)</u>	<u>0</u>	<u>0</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>102,462</b>	<b>(149,882)</b>	<b>(133,947)</b>	<b>(181,367)</b>	<b>(163,564)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>377,215</b>	<b>267,355</b>	<b>219,887</b>	<b>864,457</b>	<b>1,028,021</b>
<b>CASH AT END OF YEAR</b>	<b><u>\$479,677</u></b>	<b><u>\$117,473</u></b>	<b><u>\$85,940</u></b>	<b><u>\$683,090</u></b>	<b><u>\$864,457</u></b>

See accompanying notes and auditor's report.

# **Ken-Caryl Ranch Master Association**

## **Notes to Financial Statements**

### **December 31, 2017**

#### **Note 1 - Nature of Organization**

Ken-Caryl Ranch Master Association (the Association) was incorporated in 1974 as a Colorado not-for-profit corporation. The Association is responsible for the operation, management, and maintenance of the common property within the development. Included within this function, is the operating of the community equestrian center. At December 31, 2017 the development consists of approximately 4,396 residential units and 527 commercial voting rights and is located on 9,100 acres in Jefferson County, Colorado.

#### **Note 2 - Summary of Significant Accounting Policies**

##### **Basis of Accounting**

Both the accompanying financial statements and related income tax returns have been prepared in accordance with the accrual method of accounting.

##### **Fund Accounting**

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

**Operating Fund**- This fund is used to account for financial resources available for the general operations of the Association.

**Replacement Fund**- This fund is used to accumulate financial resources designated for future major repairs and replacements.

**Special Projects Fund**- This fund is used to account for financial resources from prior years' excess revenues that were designated by the Board for specific Association projects.

##### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



# **Ken-Caryl Ranch Master Association**

## **Notes to Financial Statements**

### **December 31, 2017**

#### **Note 2 – Summary of Significant Accounting Policies (Continued)**

##### **Cash and Cash Equivalents**

The Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

##### **Assessments Receivable**

Assessments are stated on the balance sheet at face value. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent.

##### **Inventory**

Inventory consists of hay for the Equestrian Center and is recorded at cost on a first-in, first-out basis.

##### **Recognition of Assets and Depreciation Policy**

With the exception of assets associated with the Equestrian Center, real and personal common property acquired by the developer, as well as replacements and improvements thereto, is not recognized on the Association's financial statements. Replacements and improvements to common property are not recognized as assets because their disposition is restricted.

##### **Depreciation**

Real property acquired by the Association with Association Funds, to which the Association holds title, is capitalized at cost and depreciated over the estimated useful lives of 20-40 years, using the straight-line method of depreciation.

Personal property purchased with Association Funds, to which the Association holds title, is capitalized at cost and depreciated over the estimated useful lives of 4-20 years, using the straight-line method of depreciation.

##### **Contributed Capital**

Capital contributions made by the Declarant and others are reflected as contributed capital on the Association's balance sheets.

# Ken-Caryl Ranch Master Association

## Notes to Financial Statements

### December 31, 2017

#### Note 2 – Summary of Significant Accounting Policies (Continued)

##### Member Assessments

Association members are subject to regular assessment to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Owners' assessments are determined by an annual budget approved by the board to meet operating costs and contribute to the replacement fund. Assessments receivable at the balance sheet date represent fees due from unit owners. Any excess assessments at year end are retained by the Association for use in the succeeding year.

For the years ended December 31, 2017 and 2016, owners were assessed \$49 per month and \$48 per month, respectively. For the years ended December 31, 2017 and 2016 apartment owners were assessed \$37 per unit, per month, and \$36 per unit, per month, respectively. For the years ended December 31, 2017 and 2016 commercial unit owners were assessed \$33 per acre, or fraction thereof, per month and \$32 per acre, or fraction thereof, per month, respectively.

##### Interest Income

Interest income is recorded as earned in the Operating and Reserve, and Special Projects Funds.

##### Income Taxes

The Ken-Caryl Ranch Master Association has been exempt from federal income tax under Section 501 (c) (4) of the Internal Revenue Code since the Internal Revenue Service issued its determination on November 30, 1999.

For Colorado State income tax purposes, the Association is also exempt from state income tax under Colorado Revised Statutes Income Tax Title 39, Article 22, Section 112. The Association is taxed on any unrelated business income at 4.75%.

#### Note 3 - Property and Equipment

Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 689,968	\$689,968
Buildings and improvements	1,405,154	1,405,154
Property and equipment	<u>694,807</u>	<u>694,807</u>
	2,789,929	2,789,929
Accumulated depreciation	<u>(1,179,571)</u>	<u>(1,112,988)</u>
	<u>\$ 1,610,358</u>	<u>\$1,676,941</u>

During 2016 the Association wrote-off various fixed assets which were no longer in service. The fixed assets written off had a cost of \$508,562 and accumulated depreciation of \$392,369.

# **Ken-Caryl Ranch Master Association**

## **Notes to Financial Statements**

### **December 31, 2017**

#### **Note 4 – Reserve Fund**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregated \$1,519,100 and \$1,551,563 at December 31, 2017 and 2016, respectively, are held in separate accounts and are generally not available for operating purposes.

Management of the Association working with the District Staff conducts an annual study to estimate the remaining useful lives and the replacement costs of the common area components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the reserve fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. If additional funds are needed, however, the Association has the right to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

#### **Note 5 - Contingencies**

The Association is a party to various legal actions normally associated with homeowners associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

#### **Note 6 – Retirement Savings plan**

The Association has a non-qualified retirement savings plan in which all full time employees have the option to participate after one year of employment. Participating employees may contribute up to 3% of their salary to the plan and the Association will provide a matching 3% contribution.

The Association also has a qualified Simple Plan. The Association will match up to 3% of an employee's contribution for eligible employees. All Association contributions are 100% vested. Participating employees have the option of investing their contributions in various instruments such as individual retirement accounts, accounts contracts and also mutual funds.

#### **Note 7 – Employee Cafeteria Plan**

The Association maintains a health care reimbursement plan and a dependent care plan for the benefit of the Association employees. These plans are qualified under various provisions of the Internal Revenue Code. Payments made under the plans for the benefit of employees may be excluded from the employee's gross compensation.

# **Ken-Caryl Ranch Master Association**

## **Notes to Financial Statements**

### **December 31, 2017**

#### **Note 8 - Transactions with Related Parties**

The Association entered into an Operating Agreement with Ken-Caryl Ranch Metropolitan District (District) in 1989. Effective January 1, 1989, the District assumed responsibility for the operation of certain recreational programs and maintenance of the parks and landscaping on behalf of the Association. The agreement provides the District with a license to occupy and use Association property in order to perform these agreed upon functions; however title to the property remains with the Association. The agreement is renewable annually unless terminated by either party with at least 120 days notice prior to the end of the calendar year. The Association can give notice to terminate the agreement if the District fails to adequately perform its obligations under the annual agreement. The Association and District jointly incur expenditures for administrative services and office supplies and other shared expenditures. The District pays the direct expenses and is reimbursed by the Association on a monthly basis. An Association member provided accounting and administrative services as employees of the Association.

On May 6, 2014 the voters in Ken-Caryl Ranch Metropolitan District approved the District issuing up to \$7,900,000 in general obligation bonds for the purpose of designing, improving, constructing, relocating, installing, completing, and otherwise providing improvements to community parks and recreation amenities and facilities within the District's boundaries. Because it was anticipated that some of the Bond-funded capital improvements would be made to Master Association-owned property, which the District currently operates and maintains, the parties amended the Reorganization Agreement. This document (First Amendment to Reorganization Agreement) was entered into by both parties.

#### **Note 9 – Supplemental Disclosures**

During the years ended December 31, 2017 and 2016 the Association paid \$0 in interest expense and \$0 in income taxes.

#### **Note 10 – Date of Management's Review**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 11, 2018, the date that the financial statements were available to be issued.

#### **Note 11 – Commitments and Budget Policy**

The Board of Directors has, as a policy matter, used excess operating income to be designated for specific projects that may span more than one accounting year. The details of current designations are shown in Note 12.

**Ken-Caryl Ranch Master Association**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 12 – Special Projects Fund**

The Board of Directors establishes budgets based upon cash flow requirements. Certain budgeted projects may not be able to be completed during the year within which they are budgeted. It is the Board of Director’s policy to “designate” certain portions of the excess revenue to complete the previously budgeted projects in a subsequent year. These designations are reflected in the balance sheet as “Special Projects fund”. The 2017 changes in Special Projects fund are shown below:

**Special Projects Fund**

Project Description	12/31/16 Balance	2017 Added	2017 Expended	12/31/17 Balance
Equestrian center	\$ (11,711)	\$ 22,920	\$ 0	\$ 11,209
Drainage	178,944	59,000	0	237,944
Contract trail maintenance	0	0	0	0
Irrigation system	180,100	126,000	0	306,100
Irrigation water	0	0	0	0
Median beautification	0	9,500	0	9,500
Trees	0	0	0	0
ADA	0	0	0	0
Prairie dogs	0	20,000	20,000	0
OS management plan	0	0	0	0
Future operations	40,000	105,000	0	145,000
Trail construction	42,000	0	42,000	0
93 NR Rd drainage	0	0	0	0
Killdeer trail	0	0	0	0
Stallion Pointe trail	0	10,000	0	10,000
Historical projects	0	4,800	0	4,800
Metal barn	110,000	9,352	119,352	0
Bond projects	15,000	13,075	28,075	0
Undesignated	36,410	37,537	13,518	60,429
<b>Totals</b>	<b>\$ 590,743</b>	<b>\$ 417,184</b>	<b>\$222,945</b>	<b>\$ 784,982</b>

# Ken-Caryl Ranch Master Association

## Notes to Financial Statements

### December 31, 2017

#### Note 13 - Equestrian Center

Included in Association operations are the results of operations of the equestrian center. The following is a summary of the direct revenues and expenses of the equestrian center and riding school as of December 31, 2017 and 2016. No overhead has been allocated to the equestrian center. Net revenues / (deficits), after the scheduled transfer to reserves, are transferred to / (from) the Special Projects Fund for use of the equestrian center in future years. See Note 12 for further information.

	<u>12/31/2017</u>	<u>12/31/2016</u>
<u>Revenues</u>		
Boarding revenue	\$ 433,824	\$ 426,290
Other revenue	28,084	24,508
Riding school revenue	58,284	84,351
Horse leases	27,601	35,697
Camp tuition	12,487	13,268
Transfer (to) / from Special Projects Fund	(22,920)	4,468
Transfer (to) Reserve Fund	(15,000)	(10,000)
Total revenue	522,360	578,582
<u>Expenses</u>		
Facility maintenance	25,859	14,720
Equipment maintenance	766	3,759
Feed	142,166	161,297
Bedding	23,966	47,113
Shavings pick-up	23,700	31,330
Salaries and wages	221,692	230,443
Payroll taxes	19,246	19,068
Employee benefits	5,508	8,377
Retirement benefits	2,995	3,153
Insurance	16,717	21,535
Office supplies	496	875
Uniforms	160	41
Employee expense	501	215
Utilities	16,893	17,535
Horse leases	1,450	(1,621)
Miscellaneous supplies/tack/spec events	3,038	3,971
Veterinarian expense/horse shoeing	15,331	12,674
Pipe pen sand	1,876	4,097
Total expense	522,360	578,582
Net	\$ 0	\$ 0

**Ken-Caryl Ranch Master Association**  
**Schedule of Operating Fund Expenses, Budget and Actual**  
**Year Ended December 31, 2017**

(With Comparative Totals for December 31, 2016)

	Year Ended		Year Ended	
	Budget	Actual	Budget	Actual
	(Unaudited)		(Unaudited)	
<b>Operations and maintenance</b>				
Landscaping	\$110,000	\$4,209	\$110,000	\$103,064
Drainage repair	100,000	40,533	100,000	63,031
Ranch house utilities and expenses	50,000	57,862	50,000	56,088
Trash removal	640,000	623,490	600,000	607,491
Other expenses	47,000	27,798	27,000	19,142
Street lights	28,000	26,957	28,000	28,640
Snow removal	5,000	1,713	5,000	3,386
ADA Modifications	15,000	0	25,000	25,000
One Time Projects	305,000	183,606	347,000	281,571
	<u>1,300,000</u>	<u>966,168</u>	<u>1,292,000</u>	<u>1,187,413</u>
<b>General expenses</b>				
Payroll	364,000	366,979	384,000	397,408
Administrative	26,000	11,585	28,000	24,663
Other expenses	15,000	12,282	11,000	11,687
	<u>405,000</u>	<u>390,846</u>	<u>423,000</u>	<u>433,758</u>
<b>Administrative and general</b>				
Professional services	76,000	61,501	78,000	72,140
Administrative	52,000	54,392	54,000	72,328
Other expenses	22,000	3,516	22,000	2,495
Office supplies	22,000	18,671	25,000	19,324
Bad debt expense	10,000	0	10,000	611
Meeting expense	9,000	8,013	9,000	2,853
Newspaper	109,003	105,694	107,001	100,111
Insurance	141,000	139,922	135,000	142,023
	<u>441,003</u>	<u>391,709</u>	<u>440,001</u>	<u>411,885</u>
<b>Equestrian center expenses</b>				
Facility expense	48,000	43,518	50,000	36,014
Supplies	255,000	211,336	260,000	257,532
Payroll	262,000	249,441	253,000	261,040
Administrative	5,000	1,348	5,000	2,461
Insurance	25,000	16,717	20,000	21,536
	<u>595,000</u>	<u>522,360</u>	<u>588,000</u>	<u>578,583</u>
<b>Open space expenses</b>				
Payroll	369,000	363,628	352,000	362,149
Grounds	162,000	158,771	116,000	110,239
Supplies	43,000	40,205	30,000	35,084
Other expenses	11,000	10,436	4,000	3,381
Survey/Vehicle/fuel	47,000	47,932	88,000	67,753
	<u>632,000</u>	<u>620,972</u>	<u>590,000</u>	<u>578,606</u>
<b>Contingency</b>				
Contingency	50,000	29,169	50,000	11,963
	<u>50,000</u>	<u>29,169</u>	<u>50,000</u>	<u>11,963</u>
<b>GRAND TOTAL</b>	<u><u>\$3,423,003</u></u>	<u><u>\$2,921,224</u></u>	<u><u>\$3,383,001</u></u>	<u><u>\$3,202,208</u></u>

See accompanying notes and auditor's report.

**Ken-Caryl Ranch Master Association**  
**Schedule of Future Major Repairs and Replacements**  
**December 31, 2017**  
**(unaudited)**

The management of the Association working with the District staff conducts an annual study to estimate the remaining useful lives and the current replacement costs of the common area assets. Management is working with a reserve consultant to update reserve information in the fall of 2018. When the study is completed by the Association, these numbers are used to determine the annual contribution to the Reserve Fund. Funding has been provided using an inflation rate of 3%, interest of 2%, and annual increase in funding of 1%.

The following information is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Life</u>	<u>Estimated Replacement Costs</u>	<u>12/31/17 Reserve Fund Balance</u>
Equestrian Center			
Roofing	1-41	\$ 213,500	
Painting	0-4	44,855	
Miscellaneous	2-29	48,558	
Ranch House			
Courts	1-20	629,400	
Pool / spa	7-30	286,415	
Parking lot	3-18	82,113	
Buildings	0-33	242,915	
Bradford Park			
Swimming pool	5-30	107,514	
Tennis courts	25	105,000	
Building and parking lot	0-14	26,440	
Parks and Open Space			
Fences	0-16	395,782	
Playgrounds	11-27	335,000	
Asphalt/concrete paths	0-7	724,941	
Lights	3-23	96,600	
Equipment	1-20	206,300	
Vehicles	1	44,000	
Miscellaneous	2-14	20,890	
Maintenance shop			
Concrete and asphalt	3-12	88,084	
Fence	7-17	20,526	
Lights	27	15,300	
HVAC	7	10,000	
		<b>\$ 3,744,133</b>	<b>\$ 1,570,934</b>
Equestrian Operations			
Vehicles and equipment	0-4	\$ 79,500	
Fencing	0-8	106,273	
Buildings	3-49	61,300	
Arena footings	1-3	32,200	
Panels	2-10	49,400	
Waterers	7-13	29,000	
Miscellaneous	2-10	29,000	
		<b>\$ 386,673</b>	<b>\$ (51,834)</b>
<b>Total Estimated Replacement Costs</b>		<b>\$ 4,130,806</b>	<b>\$ 1,519,100</b>