

APR 18 2007



STATE OF COLORADO

Sally Symanski, CPA
State Auditor

OFFICE OF THE STATE AUDITOR
LOCAL GOVERNMENT AUDIT DIVISION
(303) 869-2870
FAX (303) 869-2875

Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

April 13, 2007

Board of Directors
Dancing Willows Metropolitan District
c/o Special District Management Services, Inc.
141 Union Blvd., Suite 150
Lakewood, CO 80228-2898

RE: #1055.05

Dear Board Members:

Your Application for Exemption from Audit for the year ended December 31, 2006 has been accepted.

If we may be of any assistance to you, please feel free to call us at 303-869-2870.

Sincerely,

A handwritten signature in cursive script that reads "Christy A. Reeves".

Christy A. Reeves
Director of Local Government Audits

CAR:js

cc: Division of Local Government

DANCING WILLOWS METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 · 800-741-3254
Fax: 303-987-2032

March 21, 2007

Office of State Auditor
Local Government Audits
Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

Re: Dancing Willows Metropolitan District
Application for Exemption from Audit for the period
ending December 31, 2006

Enclosed are the original and one copy of the Application for
Exemption from Audit Requirement for 2006 for the Dancing Willows
Metropolitan District.

Please contact this office if you have any questions.

Sincerely,



Karen J. Steggs
Assistant to Lisa Jacoby
District Manager

Enclosures

cc: McGeedy Sineros, P.C.-Sharon Pellowe

APPLICATION FOR EXEMPTION FROM AUDIT - SHORT FORM - FOR GOVERNMENTS WITH REVENUES OR EXPENDITURES OF \$100,000 OR LESS

NAME OF GOVERNMENT:	Dancing Willows Metropolitan District	For the Fiscal Year Ended December 31, 2006 or fiscal year ended:
ADDRESS:	c/o Special District Management Services, Inc. 141 Union Blvd., Suite 150 Lakewood, CO 80228-1898	
CONTACT PERSON:	Lisa Johnson	
TELEPHONE:	303-987-0835 ext 220	
E-MAIL:	ljohnson@sdmsi.com	
FAX:	303-987-2032	


Return to: Office of the State Auditor
 Local Government Division
 Legislative Services Building
 200 E. 14th Avenue
 Denver, CO 80203 - 2211
 FAX: (303) 869-2875
 Email: OSA.LG@state.co.us

Call (303) 869-2870 if you need help completing this form.

Section 29-1-604, C.R.S. outlines the provisions for an exemption from audit. Generally, any local government where neither revenues nor expenditures exceed \$500,000 in any fiscal year qualify for an exemption. **If either revenues or expenditures are less than \$100,000 you may use this form. If either revenues or expenditures are \$100,000 but not more than \$500,000, you must use the long form application for exemption from audit.**

- Instructions:
 In order to ensure that your government's application will be accepted by the Office of the State Auditor, you must do the following:
1. Prepare this form completely and accurately. Please note that there are seven parts to this form and all questions must be answered for the application to be considered complete.
 2. File this form with the Office of the State Auditor within **3 months** after the end of the fiscal year. For years ended December 31, the form **must** be in the Office of the State Auditor by March 31.
 3. The form **must** be completed by a person skilled in governmental accounting.
 4. The application may be **mailed, faxed, or emailed** as indicated above. If faxed or emailed, a resolution of the governing board **must** accompany the application from exemption from audit in a format that includes the signatures of a majority of the governing body (see sample resolution). If mailed, an original plus one copy should be sent.
 5. The **preparer must sign** the application that is submitted in order for it to be accepted.
 6. Additional information may be attached to the exemption at the preparer's discretion.

PART 1 - CERTIFICATION OF PREPARER

1	Name: Harriet J. Gloss	Title: Fund Accountant
2	Firm name (if applicable): Special District Management Services, Inc.	
3	Address: 141 Union Blvd., Suite 150, Lakewood, CO 80228-1898	
4	Date prepared: 2/22/2007	Telephone number: 303-987-0835 ext 217
5	Signature: <i>Harriet J. Gloss</i>	
		Check One
		Yes No
6	Are you a person skilled in governmental accounting?	X
	If no, you are not qualified to complete this form.	

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section including proceeds from the sale of the government's land, building, and equipment and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Ln#	Description	(Omit cents)
7	Taxes: Property:	\$ -
8	Specific Ownership:	\$ -
9	Sales and Use:	\$ -
10	Other (specify):	\$ -
11	Licenses and permits	\$ -
12	Intergovernmental: Grants:	\$ -
13	Conservation Trust Funds (Lottery):	\$ -
14	Highway User Tax Funds (HUTF):	\$ -
15	Other (specify):	\$ -
16	Charges for services	\$ -
17	Fines and forfeits	\$ -
18	Special assessments	\$ -
19	Investment income	\$ 1
20	Charges for utility services	\$ -
21	Debt proceeds	\$ -
22	Lease proceeds	\$ -
23	Proceeds from sale of capital assets	\$ -
24	Fire and police pension	\$ -
25	Other (specify): Developer Advance	\$ 36,778
26	Miscellaneous	\$ 300
27	TOTAL REVENUE all sources	\$ 37,079

PART 3 - EXPENDITURES

EXPENDITURES: All expenditures for all funds must be reflected in this section including the purchase of fixed and movable assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Ln#	Description	(Omit cents)
28	Administrative	\$ 15,757
29	Salaries	\$ -
30	Payroll taxes	\$ -
31	Contract services	\$ -
32	Employee benefits	\$ -
33	Insurance	\$ 1,692
34	Accounting and legal fees	\$ 8,049
35	Repair and maintenance	\$ -
36	Supplies	\$ 744
37	Utilities and telephone	\$ -
38	Police	\$ -
39	Fire	\$ -
40	Streets and highways	\$ -
41	Public health	\$ -
42	Culture and recreation	\$ -
43	Utility operations	\$ -
44	Capital outlay	\$ -
45	Debt service principal	\$ -
46	Debt service interest	\$ -
47	Contribution to volunteer fire pension plan (such as FPPA)	\$ -
48	Other (specify): Engineering	\$ 9,380
49		\$ -
50		\$ -
51		\$ -
52		\$ -
53		\$ -
54		\$ -
55		\$ -
56	TOTAL EXPENDITURES all categories	\$ 35,622

PART 4 - DEBT OUTSTANDING, ISSUED AND RETIRED

Line#	Please answer the following questions by marking the appropriate box	Yes	No		
57	Do you have outstanding debt?		X		
58	Is the debt repayment schedule attached?				
59	Please complete the following debt schedule, if applicable:	Outstanding at start of fiscal year	Total issued during fiscal year (add)	Total retired during fiscal year (less)	outstanding at fiscal year end
60	General obligation bonds	\$ -	\$ -	\$ -	\$ -
61	Revenue bonds	\$ -	\$ -	\$ -	\$ -
62	Notes/loans	\$ -	\$ -	\$ -	\$ -
63	Leases	\$ -	\$ -	\$ -	\$ -
64	Other (specify):	\$ -	\$ -	\$ -	\$ -

Line#	Please answer the following questions by marking the appropriate box	Yes	No
65	Does the entity have any authorized, but unissued debt?	X	
66	If yes, how much?	\$ 3,720,000	
67	If yes, what is the authorization date?	5/2/2005	
68	Does the entity intend to issue debt within the next calendar year (2007)?		X
69	If yes, how much?	\$ -	

Line#	Please answer the following questions by marking the appropriate box	Yes	No
70	Do you have any debt that has been refinanced that you are still responsible for?		X
71	If yes, what is the amount outstanding?	\$ -	

Line#	Please answer the following questions by marking the appropriate box	Yes	No
72	Do you have any lease agreements? If yes,		X
73	Is the lease subject to annual appropriation?		
74	For how many years is the lease?		
75	What are your annual lease payments?	\$ -	

PART 5 - CASH AND INVESTMENTS HELD AT END OF FISCAL YEAR

Line#	Please provide the entity's cash deposit and investment balances.	Checking Accounts	Savings Accounts	Certificates of Deposit	Total
76	Cash deposits	\$ 2,349	\$ -	\$ -	\$ 2,349
77	Investments (if investment is a mutual fund, please list underlying investments):				
78					\$ -
79					\$ -
80					\$ -
81					\$ -
82	Total Investments				\$ -
83	Total Cash and Investments				\$ 2,349

Line#	Please answer the following question by marking in the appropriate box	Yes	No
84	Are your deposits in an eligible (PDPA) public depository (Sec 11-10.5-101 et Seq, C.R.S.)	X	
85	If no, please explain:		

PART 6 - OTHER INFORMATION

Line#	Please answer the following questions by marking in the appropriate boxes	Yes	No
86	Do you have land, buildings, and/or equipment?		X
87	Have you prepared an inventory of your land, buildings, and/or equipment (Section 29-1-506,		
88	If no, please explain:		
89			
90	If yes, complete the following table:	Balance - Beginning of the Year	Additions
		Deletions	Balance - End of the Year
91	Land	\$ -	\$ -
92	Buildings	\$ -	\$ -
93	Machinery and equipment	\$ -	\$ -
94	Furniture and fixtures	\$ -	\$ -
95	Other (explain):	\$ -	\$ -

Line#	Please answer the following questions by marking in the appropriate boxes	Yes	No
96	Do you have an "old hire" firemen's pension plan?		X
97	Do you have a volunteer firemen's pension plan?		X
98	If yes, who administers the plan?		
99	indicate your contributions from:		
100	Tax: (Property, SO, Sales, etc)	\$ -	
101	State Contribution Amount	\$ -	
102	Other: (Gifts, Donations, etc)	\$ -	
103	What is your monthly benefit paid for 20 years of service per retiree as of Jan 1st?	\$ -	

Line#	Please answer the following question by marking in the appropriate boxes	Yes	No
104	Did you file a 2006 budget with the Department of Local Affairs?	X	
105	If no, please explain:		
106			
107	Please indicate the amount appropriated for each of your funds for 2006:		
108	Fund Name	Budgeted 2006 Expenditures	
109	General Fund	\$ 50,000	
110	Capital Projects Fund	\$ -	
111		\$ -	


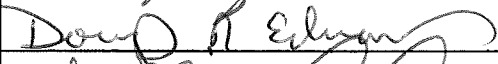


Line#	Please answer the following question by marking in the appropriate boxes	Yes	No
112	Are you in compliance with all the provisions of TABOR (Article X, Section 20) of the State Constitution? If no please explain:	X	
113	Note: An election to exempt your government from the spending limitations of TABOR does not exempt you from the 3% emergency reserve requirement. In this case, you should see if you meet this requirement and check yes or no above.		

Line#	Please answer the following questions by marking in the appropriate boxes	Yes	No
114	Are you a newly formed governmental entity?	X	
115	Are you a metropolitan district?	X	
116	Please indicate what services you provide: Street Improvements, Safety Protection Improvements, Park and Recreation and Mosquito Control.		
117	Do you have an agreement with another government entity to provide services?		X
118	If yes, list the name of the other government entity and the services provided:		

PART 7 - GOVERNING BODY APPROVAL

We, the undersigned, certify that this Application for Exemption from Audit has been:
 Prepared consistent with Section 29-1-604, C.R.S., which states that an Application with revenues or expenditures of \$100,000 or less **must** be prepared by a person skilled in governmental accounting;
 Completed to the best of our knowledge and is **accurate and true**;
 Reviewed and approved by a **majority** of the governing body.

Note: Please list all current members of the governing body. In addition, original signatures must be provided for a majority of those listed.

	Name (please print or type all current members of the governing body)	Date Term Expires	Signature
1	Charles Hauptman	May, 2010	
2	Paul Hauptman	May, 2010	
3	Douglas R. Edwards	May, 2010	
4	William A. Angelovic	May, 2008	
5	Steven G. Knoll	May, 2008	
6			
7			

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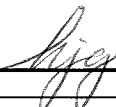

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COPY

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99	indicate your contributions from:		
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101	State Contribution Amount	\$ -	
102	Other: (Gifts, Donations, etc)	\$ -	
103	What is your monthly benefit paid for 20 years of service per retiree as of Jan 1st?	\$ -	

Line#	Please answer the following question by marking in the appropriate boxes	Yes	No
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105	If no, please explain:		
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107	Please indicate the amount appropriated for each of your funds for 2006:		
108	Fund Name	Budgeted 2006 Expenditures	
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110	Capital Projects Fund	\$ -	
111		\$ -	

Line#	Please answer the following question by marking in the appropriate boxes	Yes	No
112	Are you in compliance with all the provisions of TABOR (Article X, Section 20) of the State Constitution? If no please explain:	X	
113	Note: An election to exempt your government from the spending limitations of TABOR does not exempt you from the 3% emergency reserve requirement. In this case, you should see if you meet this requirement and check yes or no above.		

Line#	Please answer the following questions by marking in the appropriate boxes	Yes	No
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 Completed to the best of our knowledge and is **accurate and true**;
 Reviewed and approved by a **majority** of the governing body.

Note: Please list all current members of the governing body. In addition, original signatures must be provided for a majority of those listed.

	Name (please print or type all current members of the governing body)	Date Term Expires	Signature
1	Charles Hauptman	May, 2010	
2	Paul Hauptman	May, 2010	
3	Douglas R. Edwards	May, 2010	
4	William A. Angelovic	May, 2008	
5	Steven G. Knoll	May, 2008	
6			
7			

DANCING WILLOWS METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2006

REVISED

DANCING WILLOWS METROPOLITAN DISTRICT
COMBINED CASH INVESTMENT
DECEMBER 31, 2006

COMBINED CASH ACCOUNTS

9-110 CASH IN BANK-WELLS FARGO	2,348.85
TOTAL COMBINED CASH	2,348.85
9-100 CASH ALLOCATED TO OTHER FUNDS	(2,348.85)
TOTAL UNALLOCATED CASH	.00

CASH ALLOCATION RECONCILIATION

1 ALLOCATION TO GENERAL FUND	2,348.85
TOTAL ALLOCATIONS TO OTHER FUNDS	2,348.85
ALLOCATION FROM COMBINED CASH FUND - 9-100	(2,348.85)
ZERO PROOF IF ALLOCATIONS BALANCE	.00

DANCING WILLOWS METROPOLITAN DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 REVISED DECEMBER 31, 2006

<u>ASSETS AND OTHER DEBITS</u>	<u>GENERAL</u>	<u>CAPITAL</u>	<u>LONG-TERM DEBT</u>	<u>TOTAL MEMO ONLY</u>
CURRENT ASSETS				
CASH IN CHECKING-WELLS FARGO	2,348.85	0.00		2,348.85
PROPERTY TAXES RECEIVABLE	31,568.00	0.00		31,568.00
ACCOUNTS RECEIVABLE-DEVELOPER	2,878.00			2,878.00
TOTAL CURRENT ASSETS	<u>36,794.85</u>	<u>0.00</u>		<u>36,794.85</u>
OTHER DEBITS				
AMOUNT IN DEBT SERVICE FUND				0.00
AMOUNT TO BE PROVIDED FOR DEBT			33,900.00	33,900.00
TOTAL OTHER DEBITS	<u>0.00</u>	<u>0.00</u>	<u>33,900.00</u>	<u>33,900.00</u>
PROPERTY - AT COST				
TOTAL PROPERTY	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>
TOTAL ASSETS AND OTHER DEBITS	<u>36,794.85</u>	<u>0.00</u>	<u>33,900.00</u>	<u>70,694.85</u>
 <u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	3,770.19	0.00		3,770.19
DEFERRED PROPERTY TAXES	31,568.00			31,568.00
TOTAL CURRENT LIABILITIES	<u>35,338.19</u>	<u>0.00</u>		<u>35,338.19</u>
LONG TERM DEBT				
BONDS PAYABLE				0.00
DUE TO DEVELOPER-OPERATIONS			33,900.00	33,900.00
DUE TO DEVELOPER-CAPITAL			0.00	0.00
TOTAL LONG TERM DEBT			<u>33,900.00</u>	<u>33,900.00</u>
EQUITY				
FUND BALANCE				
TABOR EMERGENCY RESERVES	0.00			0.00
FUND BALANCE-BEGINNING OF YEAR	0.00	0.00		0.00
CURRENT EARNINGS	1,456.66	0.00		1,456.66
ENDING FUND BALANCE	<u>1,456.66</u>	<u>0.00</u>		<u>1,456.66</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>36,794.85</u>	<u>0.00</u>	<u>33,900.00</u>	<u>70,694.85</u>

DANCING WILLOWS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUE AND EXPENDITURES COMPARED TO BUDGET
FOR THE 12 MONTHS ENDING DECEMBER 31, 2006

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	VARIANCE	PCNT
<u>REVENUE</u>					
1-550 DEVELOPER ADVANCE	2,878.00	36,778.00	50,000.00	13,222.00	73.6
1-560 INTEREST INCOME	.00	1.01	.00	(1.01)	.0
1-575 MISCELLANEOUS INCOME	.00	300.00	.00	(300.00)	.0
TOTAL REVENUE	<u>2,878.00</u>	<u>37,079.01</u>	<u>50,000.00</u>	<u>12,920.99</u>	<u>74.2</u>
<u>EXPENSES</u>					
1-670 INSURANCE/SDA DUES	.00	1,692.18	3,000.00	1,307.82	56.4
1-675 LEGAL	1,356.50	8,049.04	22,000.00	13,950.96	36.6
1-680 MANAGEMENT	1,923.40	15,757.40	22,000.00	6,242.60	71.6
1-685 OFFICE SUPPLIES/MISCELLANEOUS	35.29	743.73	1,544.00	800.27	48.2
1-784 ENGINEERING	455.00	9,380.00	.00	(9,380.00)	.0
1-895 EMERGENCY RESERVE	.00	.00	1,456.00	1,456.00	.0
TOTAL EXPENSES	<u>3,770.19</u>	<u>35,622.35</u>	<u>50,000.00</u>	<u>14,377.65</u>	<u>71.2</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(892.19)	1,456.66	.00	(1,456.66)	.0
FUND BALANCE - ENDING	<u>(892.19)</u>	<u>1,456.66</u>	<u>.00</u>	<u>(1,456.66)</u>	<u>.0</u>

Audit

Dancing Willows Metropolitan District
DEVELOPER ADVANCES

Revised December 31, 2006

Remington Homes

Interest: **8%**

<u>Date</u>	<u>Developer Advances</u>	<u>Cumulative Total</u>	<u>Split</u>		<u>Days</u>	<u>Accrued Interest</u>
			<u>Gen. Fund</u>	<u>Capital</u>		
2006						
6/5/2006	5,000.00	5,000.00	5,000.00	-		
6/26/2006	6,000.00	11,000.00	6,000.00	-	21	23.01
7/14/2006	2,000.00	13,000.00	2,000.00	-	18	43.40
8/25/2006	1,400.00	14,400.00	1,400.00		42	119.67
9/20/2006	2,000.00	16,400.00	2,000.00		26	82.06
10/18/2006	3,500.00	19,900.00	3,500.00		28	100.65
11/21/2006	2,000.00	21,900.00	2,000.00		34	148.30
12/27/2006	12,000.00	33,900.00	12,000.00		36	172.80
12/31/2006					4	29.72
Accrued			2,878.00			-
Total 2006	<u>33,900.00</u>		<u>36,778.00</u>	-	<u>209</u>	<u>719.61</u>