



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

Accountant's Compilation Report

Board of Directors
North Range Metropolitan District No. 1
Adams County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of North Range Metropolitan District No. 1 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. 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. A compilation is limited to presenting, in the form prescribed by C.R.S. 29-1-105, information that is the representation of management. 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 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 North Range Metropolitan District No. 1.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 5, 2016

NORTH RANGE METROPOLITAN DISTRICT NO. 1
SUMMARY
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,

1/5/2016

| | ACTUAL 2014 | ESTIMATED 2015 | ADOPTED 2016 |
|---|---------------------|---------------------|---------------------|
| BEGINNING FUND BALANCES | \$ 2,528,485 | \$ 2,512,513 | \$ 2,524,664 |
| REVENUES | | | |
| 1 Property taxes | 2,790,178 | 2,983,632 | 3,697,762 |
| 2 Specific ownership taxes | 226,269 | 249,100 | 295,800 |
| 3 Developer advance | 250,000 | 250,000 | 250,000 |
| 4 Net investment income | 4,608 | 1,988 | 2,190 |
| 5 Other income | - | - | - |
| 6 System Development Fees | 270,375 | 289,710 | 434,565 |
| Total revenues | <u>3,541,430</u> | <u>3,774,430</u> | <u>4,680,317</u> |
| Total funds available | <u>6,069,915</u> | <u>6,286,943</u> | <u>7,204,981</u> |
| EXPENDITURES | | | |
| 7 General and administration | | | |
| 8 Audit | - | 4,100 | 4,200 |
| 9 County Treasurer's fees | 12,188 | 12,600 | 15,600 |
| 10 Director fees | - | 1,000 | 1,000 |
| 11 Dues and membership | - | 1,130 | 1,200 |
| 12 Insurance | - | 2,147 | 2,300 |
| 13 Legal | - | 5,000 | 5,000 |
| 14 Miscellaneous | - | 1,000 | 1,000 |
| 15 Transfer to Reunion | 1,113,536 | 1,126,072 | 1,340,900 |
| 16 Debt service | | | |
| 17 Bond interest | 1,353,100 | 1,300,850 | 1,245,850 |
| 18 Bond principal | 1,045,000 | 1,100,000 | 1,150,000 |
| 19 County Treasurer's fees | 29,728 | 32,100 | 39,800 |
| 20 Developer advance repayment | - | 168,580 | 853,505 |
| 21 Paying agent fees | 3,850 | 7,700 | 7,700 |
| Total expenditures | <u>3,557,402</u> | <u>3,762,279</u> | <u>4,668,055</u> |
| Total expenditures and transfers out requiring appropriation | <u>3,557,402</u> | <u>3,762,279</u> | <u>4,668,055</u> |
| ENDING FUND BALANCES | <u>\$ 2,512,513</u> | <u>\$ 2,524,664</u> | <u>\$ 2,536,926</u> |
| EMERGENCY RESERVE | \$ 26,300 | \$ 27,200 | \$ 33,600 |
| DEBT SERVICE RESERVE REQUIREMENT | 2,400,893 | 2,400,893 | 2,400,893 |
| RESTRICTED | - | 56,000 | 58,000 |
| TOTAL RESERVE | <u>\$ 2,427,193</u> | <u>\$ 2,484,093</u> | <u>\$ 2,492,493</u> |

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

1/5/2016

| | ACTUAL 2014 | ESTIMATED 2015 | ADOPTED 2016 |
|---|----------------------|----------------------|----------------------|
| ASSESSED VALUATION - ADAMS | | | |
| Residential | \$ 28,134,720 | \$ 30,098,660 | \$ 38,479,510 |
| Commercial | 3,653,690 | 3,653,690 | 3,548,670 |
| Agricultural | 1,000 | 1,000 | 1,200 |
| Vacant Land | 3,360,000 | 2,400,170 | 2,949,960 |
| Personal Property | 1,090,700 | 1,048,180 | 1,105,040 |
| State Assessed | 84,490 | 86,470 | 92,070 |
| Oil & gas | - | - | 29,460 |
| Certified Assessed Value | <u>\$ 36,324,600</u> | <u>\$ 37,288,170</u> | <u>\$ 46,205,910</u> |
| MILL LEVY | | | |
| GENERAL FUND | 21.400 | 22.400 | 22.400 |
| DEBT SERVICE FUND | 52.000 | 57.470 | 57.470 |
| Total Mill Levy | <u>73.400</u> | <u>79.870</u> | <u>79.870</u> |
| PROPERTY TAXES | | | |
| GENERAL FUND | \$ 777,346 | \$ 835,255 | \$ 1,035,012 |
| DEBT SERVICE FUND | 1,888,879 | 2,142,951 | 2,655,454 |
| Levied property taxes | 2,666,225 | 2,978,206 | 3,690,466 |
| Adjustments to actual/rounding | 118,561 | - | - |
| Budgeted Property Taxes | <u>\$ 2,784,786</u> | <u>\$ 2,978,206</u> | <u>\$ 3,690,466</u> |
| ASSESSED VALUATION - SUBDISTRICT | | | |
| Residential | \$ 2,075,230 | \$ 2,269,780 | \$ 3,176,760 |
| Vacant Land | 517,640 | 340,110 | 371,490 |
| Personal Property | 103,260 | 102,910 | 99,740 |
| State Assessed | 30 | 40 | 50 |
| Certified Assessed Value | <u>\$ 2,696,160</u> | <u>\$ 2,712,840</u> | <u>\$ 3,648,040</u> |
| MILL LEVY | | | |
| SUBDISTRICT - ALLEWAY | 2.000 | 2.000 | 2.000 |
| Total Mill Levy | <u>2.000</u> | <u>2.000</u> | <u>2.000</u> |
| PROPERTY TAXES | | | |
| SUBDISTRICT - ALLEWAY | \$ 5,392 | \$ 5,426 | \$ 7,296 |
| Levied property taxes | 5,392 | 5,426 | 7,296 |
| Adjustments to actual/rounding | - | - | - |
| Budgeted Property Taxes | <u>\$ 5,392</u> | <u>\$ 5,426</u> | <u>\$ 7,296</u> |
| BUDGETED PROPERTY TAXES | | | |
| GENERAL FUND | \$ 805,933 | \$ 835,255 | \$ 1,035,012 |
| DEBT SERVICE FUND | 1,978,853 | 2,142,951 | 2,655,454 |
| SUBDISTRICT - ALLEWAY | 5,392 | 5,426 | 7,296 |
| Budgeted Property Taxes | <u>\$ 2,790,178</u> | <u>\$ 2,983,632</u> | <u>\$ 3,697,762</u> |

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,

1/5/2016

| | ACTUAL 2014 | ESTIMATED 2015 | ADOPTED 2016 |
|---|------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ 32,573 | \$ 30,429 | \$ 36,035 |
| REVENUES | | | |
| 1 Property taxes | 805,933 | 835,255 | 1,035,012 |
| 2 Specific ownership taxes | 65,358 | 69,800 | 82,800 |
| 3 Developer advance | 250,000 | 250,000 | 250,000 |
| 4 Net investment income | 2,208 | 500 | 600 |
| 5 Other income | - | - | - |
| Total revenues | <u>1,123,499</u> | <u>1,155,555</u> | <u>1,368,412</u> |
| Total funds available | <u>1,156,072</u> | <u>1,185,984</u> | <u>1,404,447</u> |
| EXPENDITURES | | | |
| General and administration | | | |
| 6 Audit | - | 4,100 | 4,200 |
| 7 County Treasurer's fees | 12,107 | 12,500 | 15,500 |
| 8 Director fees | - | 1,000 | 1,000 |
| 9 Dues and membership | - | 1,130 | 1,200 |
| 10 Insurance | - | 2,147 | 2,300 |
| 11 Legal | - | 5,000 | 5,000 |
| 12 Miscellaneous | - | 1,000 | 1,000 |
| 13 Transfer to Reunion | 1,113,536 | 1,123,072 | 1,337,800 |
| Total expenditures | <u>1,125,643</u> | <u>1,149,949</u> | <u>1,368,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>1,125,643</u> | <u>1,149,949</u> | <u>1,368,000</u> |
| ENDING FUND BALANCES | <u>\$ 30,429</u> | <u>\$ 36,035</u> | <u>\$ 36,447</u> |
| EMERGENCY RESERVE | <u>\$ 26,300</u> | <u>\$ 27,200</u> | <u>\$ 33,600</u> |
| TOTAL RESERVE | <u>\$ 26,300</u> | <u>\$ 27,200</u> | <u>\$ 33,600</u> |

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,

1/5/2016

| | ACTUAL 2014 | ESTIMATED 2015 | ADOPTED 2016 |
|---|---------------------|---------------------|---------------------|
| BEGINNING FUND BALANCES | \$ 2,439,881 | \$ 2,420,236 | \$ 2,423,975 |
| REVENUES | | | |
| 1 Property taxes | 1,978,853 | 2,142,951 | 2,655,454 |
| 2 Specific ownership taxes | 160,477 | 178,900 | 212,400 |
| 3 Net investment income | 2,328 | 1,408 | 1,500 |
| 4 System Development Fees | 270,375 | 289,710 | 434,565 |
| Total revenues | <u>2,412,033</u> | <u>2,612,969</u> | <u>3,303,919</u> |
| Total funds available | <u>4,851,914</u> | <u>5,033,205</u> | <u>5,727,894</u> |
| EXPENDITURES | | | |
| Debt service | | | |
| 5 Bond interest | 1,353,100 | 1,300,850 | 1,245,850 |
| 6 Bond principal | 1,045,000 | 1,100,000 | 1,150,000 |
| 7 County Treasurer's fees | 29,728 | 32,100 | 39,800 |
| 8 Developer advance repayment | - | 168,580 | 853,505 |
| 9 Paying agent fees | 3,850 | 7,700 | 7,700 |
| Total expenditures | <u>2,431,678</u> | <u>2,609,230</u> | <u>3,296,855</u> |
| Total expenditures and transfers out requiring appropriation | <u>2,431,678</u> | <u>2,609,230</u> | <u>3,296,855</u> |
| ENDING FUND BALANCES | <u>\$ 2,420,236</u> | <u>\$ 2,423,975</u> | <u>\$ 2,431,039</u> |
| DEBT SERVICE RESERVE REQUIREMENT | <u>\$ 2,400,893</u> | <u>\$ 2,400,893</u> | <u>\$ 2,400,893</u> |
| TOTAL RESERVE | <u>\$ 2,400,893</u> | <u>\$ 2,400,893</u> | <u>\$ 2,400,893</u> |

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
SUBDISTRICT - ALLEWAY
2016 BUDGET AS ADOPTED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,

1/5/2016

| | ACTUAL 2014 | ESTIMATED 2015 | ADOPTED 2016 |
|---|----------------|-------------------|-----------------|
| BEGINNING FUND BALANCES | \$ 56,031 | \$ 61,848 | \$ 64,654 |
| REVENUES | | | |
| 1 Property taxes | 5,392 | 5,426 | 7,296 |
| 2 Specific ownership taxes | 434 | 400 | 600 |
| 3 Net investment income | 72 | 80 | 90 |
| Total revenues | 5,898 | 5,906 | 7,986 |
| Total funds available | 61,929 | 67,754 | 72,640 |
| EXPENDITURES | | | |
| General and administration | | | |
| 4 County Treasurer's fees | 81 | 100 | 100 |
| 5 Transfer to Reunion | - | 3,000 | 3,100 |
| Total expenditures | 81 | 3,100 | 3,200 |
| Total expenditures and transfers out requiring appropriation | 81 | 3,100 | 3,200 |
| ENDING FUND BALANCES | \$ 61,848 | \$ 64,654 | \$ 69,440 |
| RESTRICTED | \$ - | \$ 56,000 | \$ 58,000 |
| TOTAL RESERVE | \$ - | \$ 56,000 | \$ 58,000 |

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

**NORTH RANGE METROPOLITAN DISTRICT NO. 1
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

North Range Metropolitan District No.1 (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by Court Order and Decree of the District Court on December 27, 2000 and is governed pursuant to provisions of the Colorado Special District Act, Title 32, Article I, Colorado Revised Statutes. The District was organized in conjunction with North Range Metropolitan Districts No. 2, 3, 4 and 5 (collectively “NRMD’s”), and the Reunion Metropolitan District (“Reunion”). Reunion and the NRMD’s have entered into intergovernmental agreements whereby Reunion provides the construction for street improvements, storm drainage improvements, safety protection facilities, parks and recreation facilities and water and wastewater improvements. The service plan anticipates that Reunion will be responsible for managing the construction, operation, and maintenance of such improvements and facilities and that the NRMD’s will provide the necessary funding to Reunion.

The District has no employees and all 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.

Revenue

Property Taxes

The calculation of the taxes levied is displayed on page 3 of the Budget at the adopted mill levy of 79.870 mills for 2016. Additionally, the District levies 2.000 mills to provide for alleyway maintenance for its sub-district.

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 8% of the property taxes collected by both the General Fund and the Debt Service Fund. The budget assumes that specific ownership taxes allocable to property taxes collected by the Debt Service Fund will be pledged to debt service on the bonds during the term bonds are outstanding.

Interest

Interest earned on the District’s available funds has been estimated based on an average interest rate of approximately 0.15%.

Developer Advance

The operating and administrative expenditures will be partially funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from available revenue.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Intergovernmental revenue – System development fees

The District has entered into an intergovernmental agreement with Reunion in order to collect a portion of system development fees which are pledged for the repayment of debt. The agreement provides for the following:

- \$3,219 of each System Development Fee collected by Reunion on residential property located within the District is to be transferred to the District's Bond Fund.
- Approximately 73% of each System Development Fee collected by Reunion on commercial property located within the District is to be transferred to the District's Bond Fund.

Expenditures

General Government

General government expenditures included the estimated services necessary to maintain the District's administrative viability, such as legal, management, accounting, insurance, and meeting expenses.

Intergovernmental expenditure

Pursuant to intergovernmental agreements, the District will remit revenues to Reunion in order to pay the District's operational cost which may include legal, management, accounting, insurance, and meeting expenses as well as fund the operations of Reunion.

Developer Advance Repayment

The District anticipates repaying a portion of its Debt Service advances with pledged revenues that remain after all obligations are met on the Series 2007 Bonds.

Debt Service

Principal and interest payments in 2016 are provided based on the debt amortization schedule from the Series 2007 Bonds.

NORTH RANGE METROPOLITAN DISTRICT NO. 1
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases

Series 2007

The outstanding Series 2007 Limited Tax General Obligation Refunding bonds, dated February 13, 2007, in the original principal amount of \$35,300,000 are comprised of:

- various serial bonds with maturities from 2012 thru 2019 with rates from 4.0% to 5.0%
- term bonds due December 15, 2021 at a fixed rate of 5.0%
- term bonds due December 15, 2024 at a fixed rate of 5.0%
- term bonds due December 15, 2027 at a fixed rate of 4.5%
- term bonds due December 15, 2031 at a fixed rate of 4.5%

The bonds are subject to mandatory sinking fund redemption provisions by lot beginning in 2021. Interest is payable semi-annually June 15 and December 15. The bonds maturing on and after December 15, 2017 are callable on any date with 60 days notice at the option of the District beginning December 15, 2016 at par.

The District issued its Series 2007 Limited Tax General Obligation Refunding Bonds to refund and defease (debt legally satisfied) the Series 2001 debt. The defeased bonds are not considered a liability of the District since sufficient funds were deposited with a trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds when due and until the first call date of December 15, 2011.

As additional security for the Bonds, the District has entered into a reimbursement agreement pursuant to which the Developer is required, on an annual basis, to deposit any amounts necessary to replenish the Reserve Fund to the Reserve Fund Requirement within 10 business days after it receives notice from the Trustee, which occurs subsequent to year end, until such time as it is released from the obligation which occurs when Pledged revenue covers 100% of debt service expenditures. The Reserve Fund Requirement is \$2,400,893.

The District has no leases.

Reserves

Emergency Reserve

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

Debt Service Reserve

The District maintains a debt service reserve as required with the issuance of the Series 2007 Bonds.

This information is an integral part of the accompanying budget.

NORTH RANGE METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2015

\$35,300,000 Limited Tax G.O. Bonds
Series 2007
Dated February 13, 2007
Principal due December 15
Interest Rate 4.00% to 5.00% Payable
June 15 and December 15

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|----------------------|----------------------|----------------------|
| 2016 | \$ 1,150,000 | \$ 1,245,850 | \$ 2,395,850 |
| 2017 | 1,210,000 | 1,188,350 | 2,398,350 |
| 2018 | 1,270,000 | 1,127,850 | 2,397,850 |
| 2019 | 1,325,000 | 1,073,875 | 2,398,875 |
| 2020 | 1,385,000 | 1,016,900 | 2,401,900 |
| 2021 | 1,450,000 | 947,650 | 2,397,650 |
| 2022 | 1,520,000 | 875,150 | 2,395,150 |
| 2023 | 1,600,000 | 799,150 | 2,399,150 |
| 2024 | 1,675,000 | 719,150 | 2,394,150 |
| 2025 | 1,760,000 | 635,400 | 2,395,400 |
| 2026 | 1,840,000 | 556,200 | 2,396,200 |
| 2027 | 1,920,000 | 473,400 | 2,393,400 |
| 2028 | 2,010,000 | 387,000 | 2,397,000 |
| 2029 | 2,100,000 | 296,550 | 2,396,550 |
| 2030 | 2,195,000 | 202,050 | 2,397,050 |
| 2031 | 2,295,000 | 103,275 | 2,398,275 |
| | <u>\$ 27,805,000</u> | <u>\$ 12,948,650</u> | <u>\$ 40,753,650</u> |