



CliftonLarsonAllen LLP
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Accountant's Compilation Report

Board of Directors
North Range Metropolitan District No. 2
Adams County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of North Range Metropolitan District No. 2 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 CRS 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. 2.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP'.

Greenwood Village, Colorado
January 5, 2016

NORTH RANGE METROPOLITAN DISTRICT NO. 2
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	\$ 1,993,837	\$ 1,994,432	\$ 2,017,912
REVENUES			
1 Property taxes	403,724	449,904	543,603
2 Specific ownership taxes	32,457	36,900	43,500
3 Developer advance	1,634,641	1,663,000	1,313,750
4 Net investment income	402	974	440
5 System Development Fees	66,100	20,938	285,950
Total revenues	2,137,324	2,171,716	2,187,243
Total funds available	4,131,161	4,166,148	4,205,155
EXPENDITURES			
6 General and administration			
7 Audit	-	2,100	2,200
8 County Treasurer's fees	6,056	6,800	8,200
9 Dues and membership	-	700	700
10 Insurance	-	2,162	2,500
11 Legal	-	24	-
12 Transfer to Reunion	121,198	127,500	155,500
13 Debt service			
14 Bond interest	1,450,625	1,420,100	1,387,925
15 Bond principal	555,000	585,000	620,000
16 Paying agent fees	3,850	3,850	3,850
Total expenditures	2,136,729	2,148,236	2,180,875
Total expenditures and transfers out requiring appropriation	2,136,729	2,148,236	2,180,875
ENDING FUND BALANCES	\$ 1,994,432	\$ 2,017,912	\$ 2,024,280
EMERGENCY RESERVE	\$ 808	\$ 4,100	\$ 5,000
DEBT SERVICE RESERVE REQUIREMENT	2,006,532	2,006,532	2,006,532
TOTAL RESERVE	\$ 2,007,340	\$ 2,010,632	\$ 2,011,532

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. 2
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

1/5/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
ASSESSED VALUATION - ADAMS			
Commercial	\$ 2,872,250	\$ 3,624,710	\$ 4,616,090
Agricultural	10	10	10
Vacant Land	986,210	531,780	604,840
Personal Property	1,357,600	1,476,460	1,585,170
Certified Assessed Value	<u>\$ 5,216,070</u>	<u>\$ 5,632,960</u>	<u>\$ 6,806,110</u>
MILL LEVY			
GENERAL FUND	22.400	22.400	22.400
DEBT SERVICE FUND	55.000	57.470	57.470
Total Mill Levy	<u>77.400</u>	<u>79.870</u>	<u>79.870</u>
PROPERTY TAXES			
GENERAL FUND	\$ 116,840	\$ 126,178	\$ 152,457
DEBT SERVICE FUND	286,884	323,726	391,146
Levied property taxes	<u>403,724</u>	<u>449,904</u>	<u>543,603</u>
Adjustments to actual/rounding	-	-	-
Budgeted Property Taxes	<u>\$ 403,724</u>	<u>\$ 449,904</u>	<u>\$ 543,603</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 116,840	\$ 126,178	\$ 152,457
DEBT SERVICE FUND	286,884	323,726	391,146
	<u>\$ 403,724</u>	<u>\$ 449,904</u>	<u>\$ 543,603</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. 2
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	\$ 808	\$ 4,176	\$ 4,858
REVENUES			
1 Property taxes	116,840	126,178	152,457
2 Specific ownership taxes	9,393	8,800	12,200
3 Net investment income	86	90	90
Total revenues	126,319	135,068	164,747
Total funds available	127,127	139,244	169,605
EXPENDITURES			
General and administration			
4 Audit	-	2,100	2,200
5 County Treasurer's fees	1,753	1,900	2,300
6 Dues and membership	-	700	700
7 Insurance	-	2,162	2,500
8 Legal	-	24	-
9 Transfer to Reunion	121,198	127,500	155,500
Total expenditures	122,951	134,386	163,200
Total expenditures and transfers out requiring appropriation	122,951	134,386	163,200
ENDING FUND BALANCES	\$ 4,176	\$ 4,858	\$ 6,405
EMERGENCY RESERVE	\$ 808	\$ 4,100	\$ 5,000
TOTAL RESERVE	\$ 808	\$ 4,100	\$ 5,000

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. 2
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	\$ 1,993,029	\$ 1,990,256	\$ 2,013,054
REVENUES			
1 Property taxes	286,884	323,726	391,146
2 Specific ownership taxes	23,064	28,100	31,300
3 Developer advance	1,634,641	1,663,000	1,313,750
4 Net investment income	316	884	350
5 System Development Fees	66,100	20,938	285,950
Total revenues	2,011,005	2,036,648	2,022,496
Total funds available	4,004,034	4,026,904	4,035,550
EXPENDITURES			
General and administration			
6 County Treasurer's fees	4,303	4,900	5,900
Debt service			
7 Bond interest	1,450,625	1,420,100	1,387,925
8 Bond principal	555,000	585,000	620,000
9 Paying agent fees	3,850	3,850	3,850
Total expenditures	2,013,778	2,013,850	2,017,675
Total expenditures and transfers out requiring appropriation	2,013,778	2,013,850	2,017,675
ENDING FUND BALANCES	\$ 1,990,256	\$ 2,013,054	\$ 2,017,875
DEBT SERVICE RESERVE REQUIREMENT	\$ 2,006,532	\$ 2,006,532	\$ 2,006,532
TOTAL RESERVE	\$ 2,006,532	\$ 2,006,532	\$ 2,006,532

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. 2
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

North Range Metropolitan District No.2 (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. 1, 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

Property taxes are levied by the District’s Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on page 3 of the Budget at the adopted total mill levy of 79.870 mills for 2016.

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 forecast 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.

NORTH RANGE METROPOLITAN DISTRICT NO. 2
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues (continued)

Developer Advance

The District is in the development stage. A large portion of the District's debt service expenditures in 2015 are expected to be 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.

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 that for each Residential System Development Fee collected by Reunion, \$3,219 is to be transferred to the District's Bond Fund. The District has received its required amount of \$250,000 in Commercial System Development Fees. Additional amounts may be transferred on a case by case basis and as determined by the Reunion Board of Directors.

Expenditures

Intergovernmental expenditure

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

Debt Service

Principal and interest payments in 2016 are provided based on the debt amortization schedule from the Series 2007 Bonds which can be found on page 9.

Debt and Leases

Series 2007

In 2007, the District issued its Series 2007 Limited Tax General Obligation Bonds, dated June 22, 2007, in the original principal amount of \$26,375,000 and are comprised of term bonds due December 15, 2014 that are not callable prior to redemption, term bonds due December 15, 2018, term bonds due December 15, 2027, and term bonds due December 15, 2037. The bonds are subject to mandatory sinking fund redemption provisions by lot beginning in 2014. Interest is at fixed rates of 5.50% payable semi-annually June 15 and December 15. The bonds maturing on and after December 15, 2018 are callable on any date with 60 days notice at the option of the District beginning December 15, 2017 at par.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Proceeds from the Series 2007 issue included amounts for capitalized interest and reserves that were deposited into the Debt Service Fund. 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 105% of debt service expenditures. The Reserve Fund Requirement is \$2,006,532.

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. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$26,375,000 Limited Tax G.O. Bonds

Series 2007

Dated June 22, 2007

Principal due December 15

Interest Rate 5.50% Payable

June 15 and December 15

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	620,000	1,387,925	2,007,925
2017	650,000	1,353,825	2,003,825
2018	685,000	1,318,075	2,003,075
2019	725,000	1,280,400	2,005,400
2020	765,000	1,240,525	2,005,525
2021	805,000	1,198,450	2,003,450
2022	850,000	1,154,175	2,004,175
2023	900,000	1,107,425	2,007,425
2024	945,000	1,057,925	2,002,925
2025	1,000,000	1,005,950	2,005,950
2026	1,055,000	950,950	2,005,950
2027	1,115,000	892,925	2,007,925
2028	1,175,000	831,600	2,006,600
2029	1,240,000	766,975	2,006,975
2030	1,305,000	698,775	2,003,775
2031	1,380,000	627,000	2,007,000
2032	1,455,000	551,100	2,006,100
2033	1,535,000	471,075	2,006,075
2034	1,620,000	386,650	2,006,650
2035	1,710,000	297,550	2,007,550
2036	1,800,000	203,500	2,003,500
2037	1,900,000	104,500	2,004,500
	<u>\$ 25,235,000</u>	<u>\$ 18,887,275</u>	<u>\$ 44,122,275</u>