

REUNION METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2017



CliftonLarsonAllen LLP
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Accountant's Compilation Report

Board of Directors
Reunion Metropolitan District
Adams, County, Colorado

Management is responsible for the accompanying financial statements of Reunion Metropolitan District, which comprise the balance sheet - governmental funds as of June 30, 2017, and the related statement of revenues, expenditures, and changes in fund balance - actual for the period from January 01, 2017 through June 30, 2017 for the General Fund and Special Revenue Funds in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the accompanying financial forecasted budget, which comprises the statement of revenues, expenditures, and changes in fund balance - budget for the year ending for the General Fund and Special Revenue Funds, and the related summary of significant assumptions in accordance with guidelines for the presentation of financial forecast established by the American Institute of Certified Public Accountants. We have performed compilation engagements in accordance with Statements of Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit, examine, or review the historical financial statements or the financial forecasted 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 these historical financial statements and this financial forecasted budget.

The forecasted budget results may not be achieved as there will usually be differences between the forecasted budget and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

Management has elected to omit the management's discussion and analysis, the government-wide financial statements, the statement of revenues, expenditures and changes in fund balance - governmental funds, and substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the historical financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the historical financial statements are not designed for those who are not informed about such matters.

The supplementary information are presented for additional analysis and are not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however we have not audited, examined, or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on the supplementary historical information.

We are not independent with respect to Reunion Metropolitan District.

A handwritten signature in black ink, appearing to read 'CliftonLarsonAllen LLP'.

July 27, 2017

Reunion Metropolitan District
Balance Sheet - Governmental Funds
June 30, 2017

	General Fund	Spec Rev-Rec Center Fund	Spec Rev-HOA Fund	Capital Projects Fund	All Funds
ASSETS					
Cash	\$ 438,758	\$ 149,035	\$ 209,882	\$ 182,545	\$ 980,220
Colotrust	0	210,586	21,960	519,245	751,791
UMB - Cost of Issuance Fund	0	0	0	16,750	16,750
Accounts Receivable	0	25,612	43,118	0	68,729
Allowance for fees not collected	0	0	(15,000)	0	(15,000)
Due from other government	163,922	307	0	104,725	268,954
TOTAL ASSETS	<u>\$ 602,680</u>	<u>\$ 385,540</u>	<u>\$ 259,960</u>	<u>\$ 823,265</u>	<u>\$ 2,071,444</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 112,949	\$ 69,395	\$ 14,773	\$ 95,102	\$ 292,218
Homeowner escrow/deposits	0	0	17,500	0	17,500
Deferred revenue	0	91,170	29,186	0	120,357
Due to other government	0	0	0	436,907	436,907
Total liabilities	<u>112,949</u>	<u>160,565</u>	<u>61,459</u>	<u>532,009</u>	<u>866,982</u>
FUND BALANCES	<u>489,731</u>	<u>224,975</u>	<u>198,501</u>	<u>291,256</u>	<u>1,204,462</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 602,680</u>	<u>\$ 385,540</u>	<u>\$ 259,960</u>	<u>\$ 823,265</u>	<u>\$ 2,071,444</u>

These financial statements should be read only in connection with the accompanying accountant's compilation report

**Reunion Metropolitan District
Statement of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Month Ended June 30, 2017**

General Fund

	Annual Budget	Year to Date Actual	Variance	Variance %
Revenue				
Interest income	\$ 1,500	\$ 1,852	\$ 352	23.49
Miscellaneous income	5,000	6,552	1,552	31.04
Alleyway costs reimbursement	3,000	0	(3,000)	(100.00)
Intergovernmental - NRMD 1	1,138,900	749,195	(389,705)	(34.21)
Intergovernmental - NRMD 2	195,540	162,508	(33,032)	(16.89)
Intergovernmental - NRMD 3	9,975	0	(9,975)	(100.00)
Intergovernmental - NRMD 4	1,000	0	(1,000)	(100.00)
Intergovernmental - NRMD 5	1,200	0	(1,200)	(100.00)
Total Revenue	<u>1,356,115</u>	<u>920,107</u>	<u>(436,008)</u>	<u>(32.15)</u>
Expenditures				
District General Operations & Administration	210,364	144,305	66,059	31.40
Intergovernmental Expenditure	37,424	31,812	5,612	14.99
District Property Maintenance	1,151,192	382,293	768,899	66.79
Total Expenditures	<u>1,398,980</u>	<u>558,410</u>	<u>840,570</u>	<u>60.08</u>
Excess of Revenue Over (Under) Expenditures	(42,865)	361,697	404,562	943.80
Fund Balance - Beginning	<u>163,720</u>	<u>128,034</u>	<u>(35,686)</u>	<u>(21.79)</u>
Fund Balance - Ending	<u>\$ 120,855</u>	<u>\$ 489,731</u>	<u>\$ 368,876</u>	<u>305.22</u>

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Reunion Metropolitan District
Statement of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Month Ended June 30, 2017

Special Revenue Fund - Rec Center

	Annual Budget	Year To Date Actual	Variance	Variance %
Revenue				
Recreation Fees	\$ 585,000	\$ 295,638	\$ (289,362)	(49.46)
Allowance for fees not collected	(5,000)	0	5,000	100.00
Recreation Fees, Other	24,000	11,122	(12,878)	(53.65)
Program Fees	180,000	86,385	(93,615)	(52.00)
Event Fees	0	1,190	1,190	0.00
Interest Income	100	1,505	1,405	1,405.54
Miscellaneous Income	5,000	10,041	5,041	100.82
Total Revenue	<u>789,100</u>	<u>405,881</u>	<u>(383,219)</u>	<u>(48.56)</u>
Expenditures				
Rec Center Operations	446,483	245,945	200,538	44.91
Pool Operations	141,475	88,111	53,364	37.71
Programs	167,951	69,058	98,893	58.88
Playground/Park pavilion	5,000	0	5,000	100.00
Reunion Park Concession Building	9,300	4,674	4,626	49.73
Total Expenditures	<u>770,209</u>	<u>407,788</u>	<u>362,421</u>	<u>47.05</u>
Total Excess of Revenue Over (Under) Expenditures	<u>18,891</u>	<u>(1,907)</u>	<u>(20,798)</u>	<u>(110.09)</u>
Fund Balance - Beginning	<u>161,130</u>	<u>226,882</u>	<u>65,752</u>	<u>40.80</u>
Fund Balance - Ending	<u>\$ 180,021</u>	<u>\$ 224,975</u>	<u>\$ 44,954</u>	<u>24.97</u>

This supplementary information should be read only in connection with the accompanying accountant's compilation report.

**Reunion Metropolitan District
Statement of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Month Ended June 30, 2017**

Special Revenue Fund - HOA

	Annual Budget	Year To Date Actual	Variance	Variance %
Revenue				
Assessment	\$ 187,200	\$ 94,643	\$ (92,557)	(49.44)
HOA other fees	0	2,249	2,249	0.00
Violations and penalties	15,000	8,575	(6,425)	(42.83)
Allowance for fees not collected	(15,000)	0	15,000	100.00
AR Processing	25,000	7,000	(18,000)	(72.00)
Legal Fees Reimbursement	10,000	24,802	14,802	148.02
Interest Income	100	4,054	3,954	3,953.22
Total Revenue	<u>222,300</u>	<u>141,323</u>	<u>(80,977)</u>	<u>(36.42)</u>
Expenditures				
HOA Operating Expenses	234,399	108,797	125,602	53.58
Total Expenditures	<u>234,399</u>	<u>108,797</u>	<u>125,602</u>	<u>53.58</u>
Excess of Revenue Over (Under) Expenditures	(12,099)	32,526	44,625	368.83
Fund Balance - Beginning	<u>146,253</u>	<u>165,975</u>	<u>19,722</u>	<u>13.48</u>
Fund Balance - Ending	<u><u>\$ 134,154</u></u>	<u><u>\$ 198,501</u></u>	<u><u>\$ 64,347</u></u>	<u><u>47.96</u></u>

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SUPPLEMENTARY INFORMATION

**Reunion Metropolitan District
Schedule of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Month Ended June 30, 2017**

Capital Projects Fund

	Annual Budget	Year To Date Actual	Variance	Variance %
Revenue				
System Development Fees	\$ 918,750	\$ 425,481	\$ (493,269)	(53.68)
Impact fees - Commerce City	271,200	114,756	(156,444)	(57.68)
Sales/Use tax/Permit fees - Commerce City	539,760	146,386	(393,374)	(72.87)
Miscellaneous Income	5,000	0	(5,000)	(100.00)
Interest Income	0	3,882	3,882	0.00
MLEPA payment from NR1MD	1,125,283	104,725	(1,020,558)	(90.69)
MLEPA payment from NR3MD	22,743	0	(22,743)	(100.00)
MLEPA payment from NR4MD	12	0	(12)	(100.00)
Total Revenue	2,882,748	795,230	(2,087,518)	(72.41)
Expenditures				
Intergovernmental-SDFs to NR2	525,000	266,000	259,000	(49.33)
Intergovernmental - Impact fees NR2	177,150	104,127	73,023	(41.22)
Intergovernmental - Sales tax NR2	250,000	66,781	183,219	(73.28)
Capital Projects				
Legal services	25,000	15,016	9,984	(39.93)
Accounting	10,000	5,760	4,240	(42.40)
Facilities and equipment	12,000	5,250	6,750	(56.25)
Infrastructure	8,307,000	5,275,938	3,031,062	(36.48)
Engineering - Tower Road	25,000	45,798	(20,798)	83.19
Engineering	125,000	117,953	7,047	(5.63)
Engineering -112th	25,000	0	25,000	(100.00)
Landscape improvements	250,000	65,491	184,509	(73.80)
Underdrainrepair	25,000	0	25,000	(100.00)
Fence repair	5,000	0	5,000	(100.00)
Developer debt repayment (MLEPA)	1,148,038	0	1,148,038	(100.00)
Cost of issuance	0	244,750	(244,750)	0.00
Total Capital Projects	9,957,038	5,775,956	4,181,082	(41.99)
Total Expenditures	10,909,188	6,212,864	4,696,324	(43.04)
Excess of Revenue Over (Under) Expenditures	(8,026,440)	(5,417,634)	2,608,806	(32.50)
Other Financing Sources (Uses)				
Developer advance	1,760,470	5,275,938	3,515,468	199.68
Developer repayment	(280,000)	(22,400,001)	(22,120,001)	7,900.00
Bond Issuance - Series 2017	0	16,600,001	16,600,001	0.00
Transfer from North Range #2 - bond proceeds	6,546,530	5,800,000	(746,531)	(11.40)
Total Other Financing Sources (Uses)	8,027,000	5,275,938	(2,751,063)	(34.27)
Excess of Revenue & Other Financing Sources Over Ex- penditures & Other Uses	560	(141,696)	(142,257)	(25,402.94)
Fund Balance - Beginning	397,039	432,951	35,913	9.04
Fund Balance - Ending	\$ 397,599	\$ 291,255	\$ (106,344)	(26.74)

This supplementary information should be read only in connection with the accompanying accountant's compilation report.

**REUNION METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Reunion Metropolitan District (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 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, 2, 3, 4, and 5 (collectively “NRMD’s”). The District 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 the District 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 the District.

The District prepares its budget on the modified accrual basis of accounting.

Revenues

Intergovernmental Revenue

The District has entered into various Intergovernmental Agreements with the NRMD’s in order to pay for the operations and maintenance costs of the Districts as well as provide for the financing of capital improvements. The intergovernmental agreements require that the NRMD's impose a mill levy against all property within their boundaries for the purpose of paying actual operations and maintenance costs and the debt associated with the capital costs and the financing of such capital costs.

Net investment income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.50%.

Development fees

The District has established a development fee that is to be imposed on new residential and non-residential (commercial and industrial) development within the NRMDs. The system development fee is designed to recover a portion of the estimated costs of the construction of street improvements, storm drainage facilities, parks, trails and street landscaping and water and wastewater infrastructure costs as found in the District's Facility Plan. The District anticipates collecting \$875,000 on new residential property and \$43,750 on non-residential property in 2017.

The required system development fee is based upon the needs identified in a comprehensive planning document called the Facility Plan that identifies the capital improvements described above.

Additionally, the City of Commerce City has agreed to allow the District to collect and keep the Road Impact Fee that the City has imposed on new development. The District will be able to collect and keep the fees until such time as the costs for any major arterials constructed by the District on behalf of the City are reimbursed.

**REUNION METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Recreation center revenue

The District imposes a monthly recreation fee on all occupied residential properties within the boundaries of the District and the NRMDs in order to provide for the operating needs of the recreation center. The monthly fee is \$25 per household and the District has provided an allowance for doubtful collections. Additionally, the recreation center puts on numerous programs throughout the year and charges for these programs in order to offset the costs of organizing and administering such programs.

HOA revenue

The District, by agreement, assumed operational control and responsibility for the Reunion Homeowners' Association (HOA). The annual HOA fee is \$96 and will be billed at \$8 per month and the District has provided an allowance for doubtful collections. This fee is established by the District on behalf of the Reunion HOA Board and imposed to pay for the expenditures associated with the HOA.

MLEPA Payments from North Range Districts

On June 3, 2016, the District entered into a Mill Levy Equalization and Pledge Agreement (MLEPA) with North Range District Nos. 1, 2, 3 and 4 (collectively, the "MLEPA Districts" and individually, a "MLEPA District") in order to promote the integrated plan of development set forth in the Service Plans for the MLEPA Districts. The MLEPA is intended to ensure an equitable allocation among the MLEPA Districts of the costs of acquiring, installing, constructing, designing, administering, financing, operating, and maintaining streets, water, sanitation and various other public improvements (collectively, the "Public Improvements") and services, as well as covenant enforcement services within Reunion.

Pursuant to the MLEPA, each applicable North Range District agrees to impose an Equalization Mill Levy consisting of the Debt Service Mill Levy plus the Operations and Maintenance Mill Levy in order to pay the Developer Debt, the Senior Bonds (Series 2016A and 2016B), and the operations and maintenance costs of the Districts. To the extent a North Range District has Surplus Debt Mill Levy Revenues, the applicable North Range District will transfers such funds to Reunion to apply towards Developer Debt.

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. These general government expenditures are incurred not only for Reunion, but also on behalf of the NRMD's.

Operations

Facilities that are constructed by the District are either turned over to a third party for maintenance (i.e. streets to Commerce City, or water and sewer lines to South Adams County Water and Sanitation District) or maintained by the District (i.e. streets, landscaping, and parks). The budget reflects the District's operational expenditures in order to maintain those assets not conveyed to other entities.

In addition, the cost of operating and maintaining the Reunion Recreation Center and Homeowners' Association are also included under this category, although they are accounted for within their respective special revenue funds.

This supplementary information should be read only in connection with the accompanying accountant's compilation report.

**REUNION METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures – (continued)

Capital Outlay

Anticipated expenditures for capital outlay in 2017 are outlined in the capital projects fund.

Intergovernmental

In conjunction with the anticipated 2017 bond issuance for NRMD No. 2, the District anticipates transferring certain revenues generated by NRMD No. 2 development to NRMD No. 2 in order to pay the principal and interest on the Bonds.

Debt and Leases

On June 30, 2017 the District issued \$21,600,000 (with an initial draw of \$16,600,000) in Revenue Bonds. The Bonds bear interest of 4% and are cash flow bonds meaning that payments are made as cash is available from pledged revenues. The first payment on the Bonds is anticipated to be made December 15, 2017.

Reserves

Emergency Reserve

The District does not provide for Emergency Reserves. The taxing entities of North Range Metropolitan District No. 1, North Range Metropolitan District No. 2, North Range Metropolitan District No. 3, and North Range Metropolitan District No. 5 provide for emergency reserves equal to at least 3% of fiscal year spending for 2017, as defined under TABOR.