



**CliftonLarsonAllen**

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**Accountant's Compilation Report**

Board of Directors  
North Range Metropolitan District No. 1

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, 2019, including the estimate of comparative information for the year ending December 31, 2018 and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). 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. 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.

The budgeted results may not be achieved as there will usually be differences between the budgeted 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.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of 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 25, 2018

**NORTH RANGE METROPOLITAN DISTRICT NO. 1  
SUMMARY  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/25/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ 2,501,228	\$ 2,036,099	\$ 2,047,307
REVENUES			
Property taxes	3,810,119	5,056,362	5,147,499
Specific ownership tax	367,678	424,446	360,325
Net investment income	42,208	46,000	36,700
Other revenue	-	-	50,000
Total revenues	<u>4,220,005</u>	<u>5,526,808</u>	<u>5,594,524</u>
Total funds available	<u>6,721,233</u>	<u>7,562,907</u>	<u>7,641,831</u>
EXPENDITURES			
General Fund	1,181,246	1,533,799	1,551,806
Debt Service Fund	3,503,888	3,981,801	4,043,425
Total expenditures	<u>4,685,134</u>	<u>5,515,600</u>	<u>5,595,231</u>
Total expenditures and transfers out requiring appropriation	<u>4,685,134</u>	<u>5,515,600</u>	<u>5,595,231</u>
ENDING FUND BALANCES	<u>\$ 2,036,099</u>	<u>\$ 2,047,307</u>	<u>\$ 2,046,600</u>
EMERGENCY RESERVE	\$ 35,300	\$ 46,400	\$ 46,600
AVAILABLE FOR OPERATIONS	799	907	-
2016A SURPLUS FUND BALANCE	1,280,000	1,280,000	1,280,000
2016B SURPLUS FUND BALANCE	720,000	720,000	720,000
TOTAL RESERVE	<u>\$ 2,036,099</u>	<u>\$ 2,047,307</u>	<u>\$ 2,046,600</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  
PROPERTY TAX SUMMARY INFORMATION  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/25/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
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**ASSESSED VALUATION**

Residential	\$ 41,163,560	\$ 50,373,040	\$ 51,250,410
Commercial	3,548,670	3,860,260	3,860,260
Industrial	91,860	-	-
Agricultural	1,200	20	20
State assessed	89,340	77,000	78,840
Vacant land	1,848,660	1,986,450	2,086,670
Personal property	1,065,420	963,380	1,009,010
Other	11,530	8,940	7,050
Certified Assessed Value	\$ 47,820,240	\$ 57,269,090	\$ 58,292,260

**MILL LEVY**

General	22.400	24.764	24.764
Debt Service	57.475	63.541	63.541
Total mill levy	79.875	88.305	88.305

**PROPERTY TAXES**

General	\$ 1,071,173	\$ 1,418,212	\$ 1,443,550
Debt Service	2,748,468	3,638,935	3,703,949
Levied property taxes	3,819,641	5,057,147	5,147,499
Adjustments to actual/rounding	(9,522)	-	-
Refunds and abatements	-	(785)	-
Budgeted property taxes	\$ 3,810,119	\$ 5,056,362	\$ 5,147,499

**BUDGETED PROPERTY TAXES**

General	\$ 1,068,503	\$ 1,417,992	\$ 1,443,550
Debt Service	2,741,616	3,638,370	3,703,949
	\$ 3,810,119	\$ 5,056,362	\$ 5,147,499

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  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/25/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 41,611	\$ 36,099	\$ 47,307
REVENUES			
Property taxes	1,068,503	1,417,992	1,443,550
Specific ownership tax	103,108	119,015	101,049
Net investment income	4,123	8,000	6,500
Total revenues	<u>1,175,734</u>	<u>1,545,007</u>	<u>1,551,099</u>
Total funds available	<u>1,217,345</u>	<u>1,581,106</u>	<u>1,598,406</u>
EXPENDITURES			
General and administrative			
Audit	4,400	4,600	4,800
County Treasurer's fee	16,036	21,270	21,653
FICA Expense	-	61	77
Directors' fees	400	800	1,000
Dues and membership	1,017	1,237	1,300
Insurance and bonds	4,929	3,771	5,200
Legal services	2,303	5,000	5,000
Miscellaneous	-	1,000	1,000
Election expense	966	23,802	-
Contingency	-	1,258	1,052
Intergov Expenditure - RMD Operations	1,151,195	1,471,000	1,510,724
Total expenditures	<u>1,181,246</u>	<u>1,533,799</u>	<u>1,551,806</u>
Total expenditures and transfers out requiring appropriation	<u>1,181,246</u>	<u>1,533,799</u>	<u>1,551,806</u>
ENDING FUND BALANCE	<u>\$ 36,099</u>	<u>\$ 47,307</u>	<u>\$ 46,600</u>
EMERGENCY RESERVE	\$ 35,300	\$ 46,400	\$ 46,600
AVAILABLE FOR OPERATIONS	799	907	-
TOTAL RESERVE	<u>\$ 36,099</u>	<u>\$ 47,307</u>	<u>\$ 46,600</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  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/25/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 2,459,617	\$ 2,000,000	\$ 2,000,000
REVENUES			
Property taxes	2,741,616	3,638,370	3,703,949
Specific ownership tax	264,570	305,431	259,276
Other revenue	-	-	50,000
Net investment income	38,085	38,000	30,200
Total revenues	<u>3,044,271</u>	<u>3,981,801</u>	<u>4,043,425</u>
Total funds available	<u>5,503,888</u>	<u>5,981,801</u>	<u>6,043,425</u>
EXPENDITURES			
Debt Service			
Bond interest 2016A	821,550	789,574	756,466
Bond interest 2016B	473,625	473,625	473,625
Bond principal 2016A	990,000	1,025,000	1,055,000
County Treasurer's fee	41,147	54,576	55,559
MLEPA Payment to Reunion	1,171,566	1,631,026	1,692,775
Paying agent fees	6,000	8,000	10,000
Total expenditures	<u>3,503,888</u>	<u>3,981,801</u>	<u>4,043,425</u>
Total expenditures and transfers out requiring appropriation	<u>3,503,888</u>	<u>3,981,801</u>	<u>4,043,425</u>
ENDING FUND BALANCE	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
2016A SURPLUS FUND BALANCE	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000
2016B SURPLUS FUND BALANCE	720,000	720,000	720,000
TOTAL RESERVE	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</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  
2019 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 Nos. 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 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material."

**Revenues**

**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 the Property Tax Summary of the Budget at the adopted total mill levy.

**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 7% 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 the bonds are outstanding.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

**Expenditures**

**General Government**

General government expenditures included the estimated services necessary to maintain the District's administrative viability, such as legal, audit, management, election, 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.

**Debt Service**

Principal and interest payments in 2019 are provided based on the debt amortization schedule from the Series 2016 Bonds.

**MLEPA payment to Reunion**

On June 3, 2016, and as amended on May 1, 2017, the District entered into a Mill Levy Equalization and Pledge Agreement (MLEPA) with Reunion, District No. 2, District No. 3, and District No. 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, the Reunion debt, and the operations and maintenance costs of the Districts. The MLEPA generally defines the term "Developer Debt" as (i) amounts owed to the Developer by any applicable North Range District for advancing of guaranty payments on the Senior Bonds, for the provision of Public Improvements or for advancing of amounts to fund operations shortfalls and (ii) any other repayment obligations incurred by the MLEPA Districts in connection with advances made by the Developer to the MLEPA Districts for the purpose of paying the costs of designing, acquiring, installing, and constructing the Public Improvements or paying the operations and maintenance costs of the MLEPA Districts.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures – (continued)**

**MLEPA payment to Reunion – (continued)**

The District has levied the required operations and debt services mill levies under the MLEPA and will transfer Surplus Debt Mill Levy Revenues to Reunion. The MLEPA generally defines the term “Senior Bonds” as all bonds issued by the North Range Districts, now or in the future, which bonds shall be senior to any obligations of the North Range Districts under the MLEPA. The term “Reunion Debt” generally means all bonds, agreements or other financial obligation issued or incurred by Reunion or assumed by Reunion from any North Range, specifically including the 2017 Reunion Bonds.

**Debt and Leases**

**Series 2016A – Taxable Loan Refunding Issue**

On June 3, 2016, the District issued its Series 2016A Bonds in the principal amount of \$25,745,000. The proceeds of which were used to advance refund the Series 2007 Bonds and pay the costs of issuance of the Series 2016A Bonds. The Series 2016A Bonds have a final maturity date of December 1, 2035. The principal amount of the Series 2016A Bonds is expected to fully amortize and be subject to mandatory sinking fund payments prior to their final maturity date. The Series 2016A Bonds were issued as taxable bonds bearing interest at the rate of 4.61% and will convert to tax exempt on December 1, 2016, and will bear a rate of 3.23% thereafter. The Series 2016A Bonds are secured by a pledge of the District’s unlimited debt service mill levy, specific ownership taxes collected as a result of the imposition of such unlimited debt service mill levy, and any other legally available funds. The Series 2016A Bonds will also be secured by the Series 2016A Debt Service Surplus Fund which has a maximum Surplus amount of \$1,280,000.

**Series 2016B – General Obligation Bonds**

On June 3, 2016, the District issued its Series 2016B Bonds in the principal amount of \$12,800,000. The proceeds from the sale of the Series 2016B Bonds will be used to prepay and cancel the 2007 Repayment Obligation incurred under the 2007 Advance and Reimbursement Agreement, finance the costs of certain public improvements, fund the Debt Service Surplus Fund, and pay the costs of issuing the Series 2016B Bonds. The Series 2016B Bonds are term bonds with the first term due December 1, 2038, and bearing interest of 3.50% and the second term bonds due December 1, 2045 and bearing and interest rate of 5.00%. The Series 2016B Bonds are secured by a pledge of the District’s unlimited debt service mill levy, specific ownership taxes collected as a result of the imposition of such unlimited debt service mill levy, and any other legally available funds. The Series 2016B Bonds will also be secured by the Series 2016B Debt Service Surplus Fund which has a maximum Surplus amount of \$720,000.

The District has no capital or operating leases.



**NORTH RANGE METROPOLITAN DISTRICT NO. 1  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Reserves**

**Emergency Reserve**

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

**Surplus Fund Reserve**

The District maintains a surplus fund reserve as required with the issuance of the Series 2016 Bonds.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2018**

**\$27,745,000 G.O. Refunding Bonds  
Series 2016A**

**Dated June 3, 2016**

**Principal due December 1**

**Interest Rate 3.23% to 4.61% Payable**

**June 1 and December 1**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,055,000	\$ 756,466	\$ 1,811,466
2020	1,090,000	722,390	1,812,390
2021	1,125,000	687,183	1,812,183
2022	1,160,000	650,845	1,810,845
2023	1,200,000	613,377	1,813,377
2024	1,240,000	574,617	1,814,617
2025	1,280,000	534,565	1,814,565
2026	1,320,000	493,221	1,813,221
2027	1,360,000	450,585	1,810,585
2028	1,405,000	406,657	1,811,657
2029	1,450,000	361,276	1,811,276
2030	1,495,000	314,441	1,809,441
2031	1,545,000	266,152	1,811,152
2032	1,595,000	216,249	1,811,249
2033	1,645,000	164,730	1,809,730
2034	1,700,000	111,597	1,811,597
2035	1,755,000	56,687	1,811,687
	<u>\$ 23,420,000</u>	<u>\$ 7,381,038</u>	<u>\$ 30,801,038</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**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2018**

**\$12,180,000 G.O. Bonds**  
**Series 2016B**  
**Dated June 3, 2016**  
**Principal due December 1**  
**Interest Rate 3.50% to 5.00% Payable**  
**June 1 and December 1**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 473,625	\$ 473,625
2020	-	473,625	473,625
2021	-	473,625	473,625
2022	-	473,625	473,625
2023	-	473,625	473,625
2024	-	473,625	473,625
2025	-	473,625	473,625
2026	-	473,625	473,625
2027	-	473,625	473,625
2028	-	473,625	473,625
2029	-	473,625	473,625
2030	-	473,625	473,625
2031	-	473,625	473,625
2032	-	473,625	473,625
2033	-	473,625	473,625
2034	-	473,625	473,625
2035	-	473,625	473,625
2036	1,000,000	473,625	1,473,625
2037	1,050,000	423,625	1,473,625
2038	1,105,000	371,125	1,476,125
2039	1,160,000	315,875	1,475,875
2040	1,200,000	275,275	1,475,275
2041	1,245,000	233,275	1,478,275
2042	1,285,000	189,700	1,474,700
2043	1,330,000	144,725	1,474,725
2044	1,380,000	98,175	1,478,175
2045	1,425,000	49,875	1,474,875
	<u>\$ 12,180,000</u>	<u>\$ 10,626,900</u>	<u>\$ 22,806,900</u>

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