

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**Adams County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2016**



**RECEIVED**

*By the Office of the State Auditor at 12:24 pm, Jul 05, 2017*

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## Independent Auditor's Report

To the Board of Directors  
North Range Metropolitan District No. 2

We have audited the accompanying financial statements of the governmental activities and the major funds of North Range Metropolitan District No. 2 as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of North Range Metropolitan District No. 2, as of December 31, 2016 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other-Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise North Range Metropolitan District No. 2's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado  
June 12, 2017

## **BASIC FINANCIAL STATEMENTS**

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Investments	\$ 2,264
Investments - Restricted	1,117,957
Receivables - County Treasurer	3,202
Property taxes receivable	<u>659,407</u>
Total assets	<u>1,782,830</u>
 <b>LIABILITIES</b>	
Accrued interest payable - Bonds	56,409
Due to other governments	1,721
Noncurrent liabilities:	
Due within one year	650,000
Due in more than one year	<u>33,072,970</u>
Total liabilities	<u>33,781,100</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	<u>659,407</u>
Total deferred inflows of resources	<u>659,407</u>
 <b>NET POSITION</b>	
Restricted for:	
Emergency	5,300
Debt service	1,058,552
Unrestricted	<u>(33,721,529)</u>
Total net position	<u><u>\$ (32,657,677)</u></u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:					
Government activities:					
General government	\$ 173,678	\$ -	\$ -	\$ -	\$ (173,678)
Interest on long-term debt and related costs	1,737,760	-	-	512,768	(1,224,992)
	<u>\$ 1,911,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 512,768</u>	<u>(1,398,670)</u>
General revenues:					
Property taxes					576,754
Specific ownership taxes					44,802
Net investment income					2,664
Miscellaneous income					1,000
Total general revenues					<u>625,220</u>
Change in net position					(773,450)
Net position - Beginning					<u>(31,884,227)</u>
Net position - Ending					<u>\$ (32,657,677)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Investments	\$ 2,264	\$ -	\$ 2,264
Investments - Restricted	5,300	1,112,657	1,117,957
Receivables - County Treasurer	898	2,304	3,202
Property taxes receivable	184,923	474,484	659,407
<b>TOTAL ASSETS</b>	<b>\$ 193,385</b>	<b>\$ 1,589,445</b>	<b>\$ 1,782,830</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other governments	\$ 1,721	\$ -	\$ 1,721
Total liabilities	1,721	-	1,721
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenue	184,923	474,484	659,407
Total deferred inflows of resources	184,923	474,484	659,407
<b>FUND BALANCES</b>			
Restricted for:			
Emergency reserve (TABOR)	5,300	-	5,300
Debt service	-	1,114,961	1,114,961
Unassigned	1,441	-	1,441
Total fund balance	6,741	1,114,961	1,121,702
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 193,385</b>	<b>\$ 1,589,445</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not in the funds.

Accrued interest payable	(56,409)
Bonds payable	(24,615,000)
Bonds premium	(29,533)
Bonds discount	105,078
Developer advance payable	(9,183,515)
Net position of governmental activities	<b>\$ (32,657,677)</b>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2016**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 161,754	\$ 415,000	\$ 576,754
Specific ownership tax	12,565	32,237	44,802
Net investment income	900	1,764	2,664
Miscellaneous income	1,000	-	1,000
System development fees - Transferred from Reunion	-	373,404	373,404
Intergovernmental revenue - Reunion MD	-	139,364	139,364
Total revenues	<u>176,219</u>	<u>961,769</u>	<u>1,137,988</u>
<b>EXPENDITURES</b>			
County Treasurer's fee	2,428	-	2,428
Transferred to Reunion Metro District	165,964	-	165,964
Audits	2,200	-	2,200
Dues and memberships	406	-	406
Insurance and bonds	2,680	-	2,680
Debt service			
County Treasurer's fee	-	6,229	6,229
Interest - Bonds	-	1,387,925	1,387,925
Principal - Bonds	-	620,000	620,000
Paying agent fees	-	3,850	3,850
Total expenditures	<u>173,678</u>	<u>2,018,004</u>	<u>2,191,682</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,541</u>	<u>(1,056,235)</u>	<u>(1,053,694)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer advance	-	1,551,529	1,551,529
Developer advance repayment	-	(139,364)	(139,364)
Total other financing sources (uses)	-	1,412,165	1,412,165
<b>NET CHANGE IN FUND BALANCE</b>	2,541	355,930	358,471
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,200</u>	<u>759,031</u>	<u>763,231</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 6,741</u>	<u>\$ 1,114,961</u>	<u>\$ 1,121,702</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$	358,471
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Bond principal payment		620,000
Developer advance repayment- Change in liability		139,364
Developer advance		(1,551,529)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of bond discount		(8,334)
Amortization of bond premium		2,342
Accrued bond interest - Change in liability		1,421
Unpaid interest on Developer advance payable added to principal		<u>(335,185)</u>

Changes in net position of governmental activities	\$	<u>(773,450)</u>
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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 152,457	\$ 152,457	\$ 161,754	\$ 9,297
Specific ownership tax	12,200	12,200	12,565	365
Net investment income	90	90	900	810
Miscellaneous income	-	16,000	1,000	(15,000)
Total revenues	<u>164,747</u>	<u>180,747</u>	<u>176,219</u>	<u>(4,528)</u>
<b>EXPENDITURES</b>				
County Treasurer's fee	2,300	2,500	2,428	72
Transferred to Reunion General Fund	155,500	165,964	165,964	-
Audit	2,200	2,200	2,200	-
Dues and memberships	700	700	406	294
Insurance and bonds	2,500	2,700	2,680	20
Contingency	-	5,936	-	5,936
Total expenditures	<u>163,200</u>	<u>180,000</u>	<u>173,678</u>	<u>6,322</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,547	747	2,541	1,794
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,858</u>	<u>4,200</u>	<u>4,200</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 6,405</u>	<u>\$ 4,947</u>	<u>\$ 6,741</u>	<u>\$ 1,794</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

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 1, Colorado Revised Statutes. The District's service area is located within the City of Commerce City, Adams County, Colorado. The District was organized in conjunction with North Range Metropolitan District Nos. 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, water and wastewater improvements, sanitation, park and recreation transportation, and mosquito control. 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 follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees and contracts for all of its management and professional services.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position. The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. The major sources of revenue susceptible to accrual are property taxes. Development fees are recorded as revenue when received. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting, unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2016.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pooled Cash**

The District follows the practice of pooling cash and investments of all funds to maximize interest earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

**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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

**Amortization**

**Original Issue Premium and Original Issue Discount**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is reported only

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Equity**

**Net Position**

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**NOTE 3 - CASH AND INVESTMENTS**

Investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net assets:

Investments	\$ 2,264
Investments - Restricted	<u>1,117,957</u>
Total cash and investments	<u><u>\$ 1,120,221</u></u>

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the District did not have any cash deposits.

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- \* Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

**Fair Value Measurement and Application**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The District has invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs.

As of December 31, 2016, the District had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value</b>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 7,564
First American Government Obligations Fund	Weighted average under 60 days	1,112,657
		<u>\$ 1,120,221</u>

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's.

**First American Government Obligations Fund**

The debt service money that was included in the trust accounts at U.S. Bank was invested in the First American Government Obligation Fund. This portfolio is a money market mutual fund which invests in U.S. Government Securities, which are fully guaranteed as to principal and interest by the United States, with maturities of 43 days or less and repurchase agreements collateralized by U.S. Government Securities. The Fund is rated AAAM by Standard & Poor's.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2016:

	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Retirements/ Refunding</u>	<u>Balance at December 31, 2016</u>	<u>Current Portion</u>	<u>Final Maturity Date</u>
<b>Governmental Activities:</b>						
General obligation bonds payable:						
Series 2007	\$ 25,235,000	\$ -	\$ 620,000	\$ 24,615,000	\$ 650,000	
Premium	31,875	-	2,342	29,533	-	
Discount	(113,412)	-	(8,334)	(105,078)	-	
Total bonds payable	<u>25,153,463</u>	<u>-</u>	<u>614,008</u>	<u>24,539,455</u>	<u>650,000</u>	
Developer advance payable:						
Operations 2007	5,628	214	-	5,842	-	12/31/2037
Operations 2008	7,345	280	-	7,625	-	12/31/2038
Operations 2009	12,985	495	-	13,480	-	12/31/2039
Operations 2011	10,899	415	-	11,314	-	12/31/2041
Operations 2012	12,115	462	-	12,577	-	12/31/2042
Debt service reserve advances	7,387,193	1,884,848	139,364	9,132,677	-	Various
Total Developer advance payable	<u>7,436,165</u>	<u>1,886,714</u>	<u>139,364</u>	<u>9,183,515</u>	<u>-</u>	
	<u>\$ 32,589,628</u>	<u>\$ 1,886,714</u>	<u>\$ 753,372</u>	<u>\$ 33,722,970</u>	<u>\$ 650,000</u>	

The detail of the District's long-term obligations is as follows:

**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.

**Amended and Restated Advance and Reimbursement Agreement**

Proceeds from the Series 2007 issue included amounts for capitalized interest and reserves that were deposited into the Debt Service Fund. On June 18, 2007, and as additional security for the bonds, the District has entered into an Amended and Restated Advance and Reimbursement Agreement pursuant to which Shea Homes Limited Partnership (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 received notice from the Trustee, until such time as it is released from the obligation which occurs when Pledged Revenue covers 105% of

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

debt service expenditures. The Reserve Fund Requirement is \$2,006,532. As of December 31, 2016, the Reserve Fund account balance was \$1,112,657. Pursuant to the reimbursement agreement, the Developer replenished the reserve in the amount of \$1,551,529 during 2016 and, subsequent to year end, replenished the Reserve with a deposit in the amount of \$895,663 on January 7, 2016.

Prior to June 15, 2014, the Developer had deferred accruing interest on unpaid debt service advances. Beginning June 15, 2014, interest accrues on outstanding debt service advances at a variable rate of LIBOR plus 3%. Cumulative interest that remains unpaid will be added to principal at year-end.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2022-2026	4,750,000	5,276,425	10,026,425
2027-2031	6,215,000	3,817,275	10,032,275
2032-2036	8,120,000	1,909,875	10,029,875
2037	1,900,000	104,500	2,004,500
	<u>\$ 24,615,000</u>	<u>\$ 17,499,350</u>	<u>\$ 42,114,350</u>

**Operations Funding Agreement**

The District has entered into annual Operations Funding Agreements with Reunion and the Developer. The agreements provide that the Developer will advance to the District funds required to be paid to Reunion for the District's share of budgeted operations and maintenance expense that cannot otherwise be paid from other available funding, including property taxes.

The Operations Funding Agreement advances are obligations approved on an annual basis as identified in the table due on December 31, thirty years after the year of issuance. Interest accrues at variable rates based on LIBOR plus 3% with a maximum interest rate of 18% due semi-annually June 1 and December 1. Cumulative interest that could not be paid as of the above dates was, pursuant to terms of the agreement, added to the principal. The advances on the Operations Funding Agreement may be prepaid at any date at the par amount plus any accrued interest. The amount outstanding related to these advances at year-end is \$50,838.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Debt Authorization**

On November 7, 2000, and November 4, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$1,036,000,000 and \$1,180,000,000, respectively, at an interest rate not to exceed 18% per annum. At December 31, 2016, the District had authorized but unissued indebtedness in the following amounts for the following purposes:

	<b>Authorized November 7, 2000 Election</b>	<b>Authorized November 4, 2014 Election</b>	<b>Authorization Used, Series 2007 Bonds</b>	<b>Authorization Used, Developer advances</b>	<b>Remaining at December 31, 2016</b>
Streets	\$ 110,168,085	\$ 88,000,000	\$ 10,880,000	\$ 3,552,144	\$ 183,735,941
Parks and recreation	39,221,657	30,000,000	2,620,000	855,388	65,746,269
Sewer	35,963,127	24,000,000	12,875,000	4,203,481	42,884,646
Water	94,647,131	80,000,000	-	-	174,647,131
Transportation	20,000,000	12,000,000	-	-	32,000,000
Television relay	20,000,000	12,000,000	-	-	32,000,000
Mosquito control	2,000,000	2,000,000	-	-	4,000,000
Fire protection	20,000,000	12,000,000	-	-	32,000,000
Refunding	342,000,000	290,000,000	-	-	632,000,000
Intergovernmental	342,000,000	560,000,000	-	-	902,000,000
Operations	-	40,000,000	-	40,341	39,959,659
Capital costs	-	20,000,000	-	-	20,000,000
Safety protection	-	5,000,000	-	-	5,000,000
Security	-	5,000,000	-	-	5,000,000
Reimbursement	10,000,000	-	-	-	10,000,000
	<u>\$ 1,036,000,000</u>	<u>\$ 1,180,000,000</u>	<u>\$ 26,375,000</u>	<u>\$ 8,651,354</u>	<u>\$ 2,180,973,646</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$280,000,000.

In the future the District may issue a portion of all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 5 - NET POSITION**

The District has net position consisting of two components - restricted and unrestricted.

The restricted component of net position includes assets that are restricted for use either externally imposed by auditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2016, as follows:

	<u><b>Governmental Activities</b></u>
Restricted net position:	
Emergency reserve	\$ 5,300
Debt service	<u>1,058,552</u>
Total restricted net position	<u><u>\$ 1,063,852</u></u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to other governmental entities.

**NOTE 6 - RELATED PARTIES**

**Developer**

The Developer of the property which constitutes the District is Shea Homes Limited Partnership. The members of the Board of Directors are employees, owners, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**NOTE 7 - ECONOMIC DEPENDENCY**

The District has not yet established a revenue base sufficient to pay debt service expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 8 - INTERGOVERNMENTAL AGREEMENTS**

**Facilities Agreement**

The District, Reunion, and North Range Metropolitan District Nos. 1, 3, 4 and 5 entered into a Facilities Funding, Construction and Operations Agreement dated March 12, 2002 (the Facilities Agreement). Pursuant to the Facilities Agreement, Reunion has agreed to construct, acquire, own, operate, and maintain certain public improvements and services for the NRMD's and to conduct and manage the finances of the NRMD's, all in a manner that is expected to result in cost savings and efficiencies and in the fair and equitable allocation of capital costs and operating and maintenance expenditures. The District has agreed to either issue bonds or to provide property tax revenues to Reunion to support bonds issued by Reunion to fund the District's fair and equitable share of capital expenditures for public infrastructure in the Reunion development.

In addition to any mill levy imposed to pay debt service on the bonds or other obligations of the District, the District agrees to levy ad valorem property taxes of up to the number of mills necessary to cover administrative, operating, and maintenance costs and to transfer all such property tax revenue to Reunion to pay such costs. In 2016, the Districts terminated the Facilities Agreement and entered into the Mill Levy Equalization and Pledge Agreement and the District Operating Services Agreement.

**System Development Fee Pledge Agreement**

Reunion has agreed to impose and collect certain system development fees on all property within the development and to use the revenue collected from those fees to fund public infrastructure within the development. A portion of the system development fees collected by Reunion from property within the District, up to a maximum of \$7,725,000, is pledged to pay the bonds. During the year ended December 31, 2016, \$373,404 of system development fees have been transferred from Reunion to the District. The cumulative total of fees received by the District as of December 31, 2016, is \$747,316.

**Mill Levy Equalization and Pledge Agreement**

On June 3, 2016, the District entered into a Mill Levy Equalization and Pledge Agreement (MLEPA) with Reunion, District No. 1, District No. 3, and District No. 4 (collectively, the "MLEPA Districts" and individually, an "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.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 8 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

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 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 obligation 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. The MLEPA defines the term "Senior Bonds" as all bonds issued by the applicable North Range Districts (now or in the future) which bonds shall be senior to any obligations of the applicable North Range District under the MLEPA as to the Developer Debt.

**District Operating Services Agreement**

On June 3, 2016 the District entered into the (the "District Operating Services Agreement") with all Districts that are a party to the MLEPA as previously described. While the MLEPA sets forth the terms on which the District imposes the Equalization Mill Levy and transfers specified proceeds thereof to the Reunion District, the District Operating Services sets forth the obligations of Reunion with respect to such proceeds and with respect to its role as the "Service District", as contemplated by the MLEPA Districts Service Plan. The District Operating Services Agreement states that, pursuant to the MLEPA Districts Service Plan, the MLEPA Districts are intended to coordinate their efforts with respect to all activities authorized by the MLEPA Districts Service Plan, including, without limitation, management and administration, structuring of financing, construction, and operations and maintenance of the Regional Public Improvements necessary and appropriate for the development of Reunion (defined as the "Public Improvements" for purposes of the District Operating Services Agreement), with the Reunion acting on behalf of the applicable North Range Districts to lead such coordination.

In order to facilitate such coordination, the District Operating Services Agreement requires that Reunion provide Administrative Services and O&M Services to the applicable North Range Districts on the condition that the applicable North Range Districts observe and perform certain covenants and agreements, and are not otherwise in default under the District Operating Services Agreement. "Administrative Services" as defined by the District Operating Services Agreement, includes, among other services, coordination of board meetings and financial reporting, insurance and election administration, budget preparation, supervision of contractors, investment oversight, coordination of professional services, and obtaining any and all governmental and/or administrative approvals necessary to the provision of the Public Improvements. "O&M Services" as defined by the District Operating Services Agreement includes the provision of the administrative services, and ownership, operation and maintenance of certain Public Improvements along with the Covenant Services. The District Operating Service Agreement also states that the Reunion District may provide architectural review and covenant enforcement services to property within the MLEPA Districts for the benefit of the MLEPA Districts through an agreement with an owners association, or as set forth in a declaration of covenants, conditions or restrictions, or similar instrument, as otherwise permitted by Title 32, C.R.S.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 8 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

The District Operating Services Agreement further authorizes the Reunion District to establish from time to time a fair and equitable fee to provide a source of funding to pay for the O&M Services. Each applicable North Range District acknowledges in the District Operating Services Agreement that the Reunion District will make determinations as to the appropriate User Fees on an annual basis, taking into account mill levy revenues received under the MLEPA in each fiscal year. They further acknowledge that they shall be responsible for any and all costs, fees, charges and expenses incurred by the Reunion District in providing the Administrative Services and O&M Services through the imposition of the Operations and Maintenance Mill Levy, as well as the Debt Service Mill Levy to the extent the Reunion District borrows revenues to pay the Operating Services. In the event revenues from the Operations and Maintenance Mill Levy received by the Reunion District under the MLEPA are not appropriated by the applicable North Range Districts or are otherwise insufficient to pay the Costs for whatever reason, the Reunion District may impose User Fees to pay all such Costs in accordance with the District Operating Services Agreement. The Reunion District agrees to apply revenues from the Operations and Maintenance Mill Levy received by it under the MLEPA to pay the Costs of the Operating Services in accordance with the MLEPA and the District Operating Services Agreement.

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 10 – TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 7, 2000, and November 4, 2014, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

**NOTE 11 – SUBSEQUENT EVENT**

Subsequent to December 31, 2016, the District issued its 2017A Bonds and its 2017B Bonds on May 19, 2017, in the amounts of \$30,965,000 and \$6,666,000, respectively. The proceeds from the sale of the 2017A Bonds and a prior reserve fund will be used to:

- (a) advance refund the District's Limited Tax General Obligation Bonds, Series 2007;
- (b) finance the acquisition, construction, and installation of certain public improvements;
- (c) fund the Reserve Fund;
- (d) fund a portion of the Surplus Fund; and
- (e) pay the costs of issuing the 2017A Bonds and the 2017B Bonds.

The proceeds from the sale of the 2017B Bonds will be used to finance the acquisition, construction, and installation of certain public improvements.

The 2017A Bonds are assumed to bear interest at rates ranging from 5.625% to 5.750%, payable semi-annually on June 1 and December 1 each year, to the extent of Senior Pledged Revenue available therefor, beginning on June 1, 2017. Annual mandatory sinking fund principal payments on the 2017A Bonds are due on December 1, beginning on December 1, 2023. The 2017A Bonds mature on December 1, 2047.

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 11 – SUBSEQUENT EVENT (CONTINUED)**

The 2017B Bonds are assumed to be issued at the rate of 7.75% per annum and payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. The 2017B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the 2017B Bonds compounds annually on each December 15.

In the event that, on December 15, 2057 any amount of principal of or interest on the 2017B Bonds remains unpaid after application of all Subordinate Pledged Revenue available therefor in accordance with the Subordinate Indenture, the 2017B Bonds and the lien of the Subordinate Indenture securing payment thereof is to be deemed discharged.

The 2017A Bonds are secured by and payable solely from and to the extent of the Senior Pledged Revenue, net of any costs of collection, which is defined generally in the 2017A Indenture as:

- (a) the Senior Required Mill Levy;
- (b) the Pledge Agreement Revenue;
- (c) the Specific Ownership Tax Revenue attributable to the Senior Required Mill Levy; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The 2017A Bonds are further secured by amounts on deposit in the Reserve Fund, which will be funded with proceeds of the 2017A Bonds in the amount of \$1,800,000 and by amounts on deposit in the Surplus Fund. A portion of the Surplus Fund will be funded on the date of issuance of the 2017A Bonds in the amount of \$800,000. The remaining portion of the Surplus Fund, up to the Maximum Surplus Amount of \$3,096,500 will be funded with Senior Pledged Revenue to the extent available.

The 2017B Bonds are secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, net of any costs of collection, which is defined generally in the 2017B Indenture as:

- (a) the Subordinate Required Mill Levy;
- (b) the Specific Ownership Tax Revenue attributable to the Subordinate Required Mill Levy;
- (c) the Excess Senior Pledged Revenue; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

This information is an integral part of the accompanying financial statements.

## **SUPPLEMENTARY INFORMATION**

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 391,146	\$ 391,146	\$ 415,000	\$ 23,854
Specific ownership tax	31,300	31,300	32,237	937
Net investment income	350	350	1,764	1,414
System development fees	285,950	285,950	373,404	87,454
Intergovernmental revenue - Reunion MD	-	-	139,364	139,364
Total revenues	<u>708,746</u>	<u>708,746</u>	<u>961,769</u>	<u>253,023</u>
<b>EXPENDITURES</b>				
County Treasurer's fee	5,900	6,300	6,229	71
Interest - Bonds	1,387,925	1,387,925	1,387,925	-
Principal - Bonds	620,000	620,000	620,000	-
Contingency	-	6,925	-	6,925
Paying agent fees	3,850	3,850	3,850	-
Total expenditures	<u>2,017,675</u>	<u>2,025,000</u>	<u>2,018,004</u>	<u>6,996</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,308,929)</u>	<u>(1,316,254)</u>	<u>(1,056,235)</u>	<u>260,019</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer advance	1,313,750	1,313,750	1,551,529	237,779
Developer advance repayment	-	(140,000)	(139,364)	636
Total other financing sources (uses)	<u>1,313,750</u>	<u>1,173,750</u>	<u>1,412,165</u>	<u>238,415</u>
<b>NET CHANGE IN FUND BALANCE</b>	4,821	(142,504)	355,930	498,434
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>2,013,054</u>	<u>2,013,054</u>	<u>759,031</u>	<u>(1,254,023)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,017,875</u>	<u>\$ 1,870,550</u>	<u>\$ 1,114,961</u>	<u>\$ (755,589)</u>

**NORTH RANGE METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2016**

**\$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>
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>\$ 24,615,000</u>	<u>\$ 17,499,350</u>	<u>\$ 42,114,350</u>

**NORTH RANGE METROPOLITAN DISTRICT NO. 2  
SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED  
December 31, 2016**

<u>Year Ended December 31</u>		<u>Assessed Valuation for Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
<u>Assessment Year</u>	<u>Collection Year</u>			<u>Levied</u>	<u>Collected</u>	
2010	2011	\$ 110	69.400	\$ 8	9	108%
2011	2012	\$ 340	69.400	\$ 24	24	100%
2012	2013	\$ 1,386,310	73.400	\$ 101,755	101,755	100%
2013	2014	\$ 5,216,070	77.400	\$ 403,723	403,724	100%
2014	2015	\$ 5,632,960	79.870	\$ 449,904	449,904	100%
2015	2016	\$ 6,806,110	79.870	\$ 575,568	576,754	100%
Estimated 2016	2017	\$ 8,255,490	79.870	\$ 659,407		

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy if delinquent taxes are collected.