

**RESOLUTION
TO ADOPT 2016 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
LORSON RANCH METROPOLITAN DISTRICT NO. 2**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2016 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE LORSON RANCH METROPOLITAN DISTRICT NO. 2, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2016, AND ENDING ON THE LAST DAY OF DECEMBER, 2016,

WHEREAS, the Board of Directors of the Lorson Ranch Metropolitan District No. 2 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on December 10, 2015, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$151,660; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$0; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$758,297; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the amount of money necessary to balance the budget for FMIC obligations is \$151,660; and

WHEREAS, the 2015 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$15,165,960; and

WHEREAS, at an election held on November 2, 2004, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LORSON RANCH METROPOLITAN DISTRICT NO. 2 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Lorson Ranch Metropolitan District No. 2 for calendar year 2016.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2016 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2016 budget year, there is hereby levied a tax of ten (10.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2015.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2015.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2016 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby

levied a tax of zero (0.000) mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2015.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2016 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of fifty (50.000) mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2015.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2016 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2015.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2015.

G. Levy for FMIC Expenses. That for the purposes of meeting all FMIC obligations of the District during the 2016 budget year, there is hereby levied a tax of ten (10.000) mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2015.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2015, to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2015, in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

ADOPTED this 10th day of December, 2015.

LORSON RANCH METROPOLITAN
DISTRICT NO. 2

Dave Croolin
President

ATTEST:

[Signature]
Secretary

LETTER OF BUDGET TRANSMITTAL

Date: January 28, 2016

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2016 budget and budget message for LORSON RANCH METROPOLITAN DISTRICT NO. 2 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on December 10, 2015. If there are any questions on the budget, please contact:

Carrie Bartow
CliftonLarsonAllen LLP
102 South Tejon Street, Suite 350
Colorado Springs, CO 80903
Tel.: 719-635-0330

I, Alan Vancil, Secretary/Treasurer of the Lorson Ranch Metropolitan District No. 2, hereby certify that the attached is a true and correct copy of the 2016 budget.

By: 

**Lorson Ranch Metropolitan District 2
El Paso County, CO
2016 Budget Narrative**

GENERAL FUND

REVENUES

1. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill levies are budgeted for Contractual Obligations at 50 mills, Operations and Maintenance at 10 mills and the FMIC judgment repayment at 10 mills, which is the maximum allowed by State Statute.
2. Specific ownership taxes are budgeted at 10.5% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the county treasurer to all taxing entities within the county.

EXPENDITURES – Operating and Maintenance

1. County property tax collection fee is based on 1.5% of the property tax received.
2. Net tax revenues are paid as Intergovernmental Expenses to the appropriate Funds in Lorson Ranch Metropolitan District # 1.
3. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year revenues. Since substantially all funds received by the District are transferred to Lorson Ranch Metropolitan District #1, which pays for all of the Districts' operations and maintenance costs, an emergency reserve is not reflected in the District's Budget.

DEBT SERVICE FUND

REVENUES

1. Property Taxes are budgeted for Debt Service based on 50 mills, plus specific ownership tax.
2. The District plans to issue a bond in 2016 to refund a portion of the outstanding 2011 and 2012 Bond Issues in District #1. The estimated amount of the Bond Issue is budgeted as revenue.

EXPENDITURES

1. County property tax collection fee is based on 1.5% of the property tax received.
2. The District has budgeted an Intergovernmental Expense to District #1 for interest for the portion of the year that the new bond has not been issued.
3. An Intergovernmental Expense is budgeted for the amount of the District #1 Bonds that will be refunded.

4. The estimated Reserve Fund and Cost of Issuance for the new bond have been budgeted.
5. The estimated interest and principal of the new bond have been budgeted.

ADDITIONAL INFORMATION

1. The basis of accounting for the District is the Modified Accrual Basis.
2. There are no operating or capital lease obligations of the District.
3. The District is authorized to issue General Obligation Debt in an amount not to exceed \$80,000,000. The limit for all Lorson Districts is \$300,000,000. A mill levy cap of 50 mills applies to the District in connection with the General Obligation Debt.

LRMD Budgets 2016 012716

Lorson Ranch Metropolitan District No. 2				
Budget				
Year Ended 12/31/2016				
	2014	2015	2015	2016
	Total	Total	Budget	Budget
GENERAL FUND	Actual	Estimated		
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -
REVENUES				
Property Tax - Operations - 10 mills	95,671	133,250	133,192	151,660
Property Tax - Fire Protection - 3 mills	28,700	-	-	-
Property Tax - FMIC - 10 mills	95,671	133,250	133,192	151,660
Total Property Taxes	220,042	266,500	266,384	303,320
Specific ownership tax - Operations	22,004	27,456	26,638	31,849
Contingency Income	-	-	-	3,000
Total Specific Ownership Taxes	22,004	27,456	26,638	34,849
Total Revenues	242,046	293,956	293,022	338,169
EXPENDITURES				
County property tax collection fee - Operations	1,435	1,999	1,998	2,275
County property tax collection fee - Fire Protection	431	-	-	-
County property tax collection fee - FMIC	1,435	1,999	1,998	2,275
Total	3,301	3,998	3,996	4,550
Intergovernment Expense District # 1 - Operations	116,240	158,707	157,832	181,234
Intergovernment Expense District # 1 - Fire Protection	28,269	-	-	-
Intergovernment Expense District # 1 - FMIC	94,236	131,251	131,194	149,385
Contingency Expense	-	-	-	3,000
Total Intergovernment Expense District # 1	238,745	289,958	289,026	333,619
Total Expenditures	242,046	293,956	293,022	338,169
Excess of Revenues over Expenditures	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -

LRMD Budgets 2016 012716

Lorson Ranch Metropolitan District No. 2				
Budget				
Year Ended 12/31/2016				
	2014	2015	2015	2016
	Total	Total	Budget	Budget
DEBT SERVICE FUND	Actual	Estimated		
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -
REVENUES				
Property Tax - Debt Service - 50 mills	478,353	666,248	665,961	758,298
Specific ownership tax - Debt Service	47,835	68,640	66,596	79,621
Contingency Income				7,000
Bond Issue proceeds				15,212,352
Total Revenues	526,188	734,888	732,557	16,057,271
EXPENDITURES				
County property tax collection fee - 1.5%	7,175	9,994	9,989	11,374
Intergovernment Expense District # 1 - Debt Service	519,013	724,894	722,568	137,521
Contingency Expense				7,000
Intergovernment Expense District # 1 - Debt Refunding	-	-	-	15,039,762
Bond Issue - Cost of Issuance	-	-	-	172,590
Interest on 2016 Bond	-	-	-	625,000
Principal on 2016 Bond	-	-	-	20,000
Total Expenditures	526,188	734,888	732,557	16,013,247
Excess of Revenues over Expenditures	-	-	-	44,024
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ 44,024

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of EL PASO COUNTY, Colorado.

On behalf of the LORSON RANCH METROPOLITAN DISTRICT #2
(taxing entity)^A

the BOARD OF DIRECTORS
(governing body)^B

of the LORSON RANCH METROPOLITAN DISTRICT #2
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 15,165,960 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 15,165,960 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/10/2015 for budget/fiscal year 2016
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	10.000 mills	\$ 151,660
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	10.000 mills	\$ 151,660
3. General Obligation Bonds and Interest ^J	mills	\$
4. Contractual Obligations ^K	50.000 mills	\$ 758,297
5. Capital Expenditures ^L	mills	\$
6. Refunds/Abatements ^M	mills	\$
7. Other ^N (specify): <u>Fountain Mutual Irrigation Co. Obligation</u>	10.000 mills	\$ 151,660
	mills	\$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	70.000 mills	\$ 1,061,617

Contact person: (print) Carrie Bartow Daytime phone: (719) 635-0330
Signed: *Carrie Bartow* Title: Accountant for the District

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's FINAL certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1. Purpose of Issue: _____
 Series: _____
 Date of Issue: _____
 Coupon Rate: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

2. Purpose of Issue: _____
 Series: _____
 Date of Issue: _____
 Coupon Rate: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: Repay Lorson Ranch Metropolitan District No. 1's Series 2011 and 2012 General Obligation Bonds issued to fund Lorson Ranch Metropolitan District No. 2's infrastructure improvements
 Title: Funding and Reimbursement Agreement for Capital Costs
 Date: February 10, 2005
 Principal Amount: N/A
 Maturity Date: N/A
 Levy: 50.000
 Revenue: \$758,297

4. Purpose of Contract: _____
 Title: _____
 Date: _____
 Principal Amount: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.