

LETTER OF BUDGET TRANSMITTAL

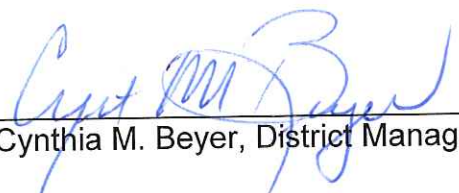
Date: January 28, 2016

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

Attached are the 2016 budget and budget message for BANNING LEWIS 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:

Cynthia M. Beyer, District Manager  
CliftonLarsonAllen LLP  
8390 E. Crescent Pkwy., Suite 500  
Greenwood Village, CO 80111  
Telephone number: 303-779-5710

I, Cynthia M. Beyer, District Manager, hereby certify that the attached is a true and correct copy of the 2016 budget.

By:   
Cynthia M. Beyer, District Manager

**RESOLUTION 2015-11-03  
TO ADOPT 2016 BUDGET, APPROPRIATE SUMS OF MONEY,  
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY  
BANNING LEWIS 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 BANNING LEWIS 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 Banning Lewis 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 \$384,983; 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 \$577,474; 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 \$0; 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 2015 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$19,249,140; and

WHEREAS, at an election held on November 1, 2005, 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 BANNING LEWIS 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 Banning Lewis 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 20.000 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 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 30.000 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 0.000 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 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 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.

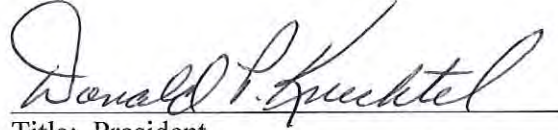
Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

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 10<sup>th</sup> day of December 2015.

BANNING LEWIS RANCH METROPOLITAN  
DISTRICT NO. 2



Title: President

ATTEST:



Title: Secretary



# CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners<sup>1</sup> of El Paso County, Colorado.

On behalf of the Banning Lewis Ranch Metropolitan District No. 2,  
(taxing entity)<sup>A</sup>

the Board of Directors  
(governing body)<sup>B</sup>

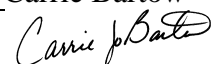
of the Banning Lewis Ranch Metropolitan District No. 2  
(local government)<sup>C</sup>

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ 19,249,140 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> 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: \$ 19,249,140 (NET<sup>G</sup> 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:** 12/07/2015 for budget/fiscal year 2016.  
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY <sup>2</sup>	REVENUE <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	<u>20.000</u> mills	<u>\$ 384,983</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<b>20.000</b> mills	<b>\$ 384,983</b>
3. General Obligation Bonds and Interest <sup>J</sup>	<u>30.000</u> mills	<u>\$ 577,474</u>
4. Contractual Obligations <sup>K</sup>	_____ mills	\$ _____
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<b>50.000</b> mills	<b>\$962,457</b>

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

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.*

<sup>1</sup> 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.  
<sup>2</sup> 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<sup>J</sup>:**

- |    |                   |                                    |
|----|-------------------|------------------------------------|
| 1. | Purpose of Issue: | Public infrastructure improvements |
|    | Series:           | 2013                               |
|    | Date of Issue:    | April 15, 2013                     |
|    | Coupon Rate:      | 3.020% - 5.750%                    |
|    | Maturity Date:    | December 1, 2019                   |
|    | Levy:             | 20.554                             |
|    | Revenue:          | \$395,647                          |
|    |                   |                                    |
| 2. | Purpose of Issue: | Public infrastructure improvements |
|    | Series:           | 2014 Subordinate                   |
|    | Date of Issue:    | April 28, 2014                     |
|    | Coupon Rate:      | 6.500%                             |
|    | Maturity Date:    | December 15, 2047                  |
|    | Levy:             | 9.446                              |
|    | Revenue:          | \$181,827                          |

**CONTRACTS<sup>K</sup>:**

- |    |                      |       |
|----|----------------------|-------|
| 3. | Purpose of Contract: | _____ |
|    | Title:               | _____ |
|    | Date:                | _____ |
|    | Principal Amount:    | _____ |
|    | Maturity Date:       | _____ |
|    | Levy:                | _____ |
|    | Revenue:             | _____ |
|    |                      |       |
| 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.



**Accountant's Compilation Report**

Board of Directors  
Banning Lewis Ranch Metropolitan District No. 2  
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Banning Lewis Ranch Metropolitan District No. 2 for the year ending December 31, 2016, including the estimate of comparative information for the year ending December 31, 2015, and the actual comparative information for the year ending December 31, 2014, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. 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 American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the Summary of Significant Assumptions which describe that the budget is presented in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Banning Lewis Ranch Metropolitan District No. 2.

*CliftonLarsonAllen LLP*

Colorado Springs, Colorado  
January 22, 2016



**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2**  
**SUMMARY**  
**2016 BUDGET AS ADOPTED**  
**WITH 2014 ACTUAL AND 2015 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ 4,290,038	\$ 2,436,989	\$ 1,223,827
<b>REVENUES</b>			
1 Property taxes	604,464	773,353	962,457
2 Specific ownership taxes	64,560	87,500	105,870
3 Developer advance	193,600	-	-
4 Net investment income	5,031	4,600	1,994
5 Other income	-	-	1,000
6 Bond issuance	2,750,000	-	-
7 Facilities fees	78,000	69,000	-
Total revenues	<u>3,695,655</u>	<u>934,453</u>	<u>1,071,321</u>
Total funds available	<u>7,985,693</u>	<u>3,371,442</u>	<u>2,295,148</u>
<b>EXPENDITURES</b>			
8 General and administration			
9 Banking fees	1	380	400
10 Contingency	-	-	27,500
11 Cost of issuance	75,600	-	-
12 County Treasurer's fees	3,635	4,640	5,775
13 Intergovernmental - Developer advance	118,000	-	-
14 Intergovernmental - O&M taxes	264,503	339,885	420,978
15 Repayment of developer advance	4,718,848	1,465,000	280,000
16 Debt service			
17 Bond interest Series 2013	249,150	249,150	246,734
18 Bond interest Series 2014 subordinate	112,215	-	182,313
19 Bond principal Series 2013	-	80,000	150,000
20 Contingency	-	-	691
21 County Treasurer's fees	5,452	6,960	8,662
22 Paying agent fees	1,300	1,600	1,600
Total expenditures	<u>5,548,704</u>	<u>2,147,615</u>	<u>1,324,653</u>
Total expenditures and transfers out requiring appropriation	<u>5,548,704</u>	<u>2,147,615</u>	<u>1,324,653</u>
ENDING FUND BALANCES	<u>\$ 2,436,989</u>	<u>\$ 1,223,827</u>	<u>\$ 970,495</u>
DEBT SERVICE RESERVE	\$ 350,000	\$ 350,000	\$ 350,000
DEBT SERVICE SURPLUS	266,908	447,710	500,000
TOTAL RESERVE	<u>\$ 616,908</u>	<u>\$ 797,710</u>	<u>\$ 850,000</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
<b>ASSESSED VALUATION - EL PASO</b>			
Residential	\$ 9,577,860	\$ 13,649,230	\$ 17,543,880
Commercial	108,190	119,040	109,780
Vacant Land	2,483,000	1,579,710	1,532,150
State Assessed	59,580	116,710	63,330
Certified Assessed Value	\$ 12,228,630	\$ 15,464,690	\$ 19,249,140
<b>MILL LEVY</b>			
GENERAL FUND	20.000	20.000	20.000
DEBT SERVICE FUND	30.000	30.000	30.000
Total Mill Levy	50.000	50.000	50.000
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ 244,573	\$ 309,294	\$ 384,983
DEBT SERVICE FUND	366,859	463,941	577,474
Levied property taxes	611,432	773,235	962,457
Adjustments to actual/rounding	(6,968)	118	-
Budgeted Property Taxes	\$ 604,464	\$ 773,353	\$ 962,457
<b>BUDGETED PROPERTY TAXES</b>			
GENERAL FUND	\$ 241,785	\$ 309,341	\$ 384,983
DEBT SERVICE FUND	362,679	464,012	577,474
	\$ 604,464	\$ 773,353	\$ 962,457

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**2016 BUDGET AS ADOPTED**  
**WITH 2014 ACTUAL AND 2015 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ 988	\$ 986	\$ 1,022
<b>REVENUES</b>			
1 Property taxes	241,785	309,341	384,983
2 Specific ownership taxes	25,824	35,000	42,348
3 Developer advance	118,000	-	-
4 Net investment income	528	600	300
5 Other income	-	-	1,000
Total revenues	386,137	344,941	428,631
Total funds available	387,125	345,927	429,653
<b>EXPENDITURES</b>			
General and administration			
6 Banking fees	1	380	400
7 Contingency	-	-	2,500
8 County Treasurer's fees	3,635	4,640	5,775
9 Intergovernmental - Developer advance	118,000	-	-
10 Intergovernmental - O&M taxes	264,503	339,885	420,978
Total expenditures	386,139	344,905	429,653
Total expenditures and transfers out requiring appropriation	386,139	344,905	429,653
ENDING FUND BALANCES	\$ 986	\$ 1,022	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**2016 BUDGET AS ADOPTED**  
**WITH 2014 ACTUAL AND 2015 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ 582,110	\$ 616,908	\$ 797,710
REVENUES			
1 Property taxes	362,679	464,012	577,474
2 Specific ownership taxes	38,736	52,500	63,522
3 Net investment income	1,500	2,000	1,294
Total revenues	402,915	518,512	642,290
Total funds available	985,025	1,135,420	1,440,000
EXPENDITURES			
Debt service			
4 Bond interest Series 2013	249,150	249,150	246,734
5 Bond interest Series 2014 subordinate	112,215	-	182,313
6 Bond principal Series 2013	-	80,000	150,000
7 Contingency	-	-	691
8 County Treasurer's fees	5,452	6,960	8,662
9 Paying agent fees	1,300	1,600	1,600
Total expenditures	368,117	337,710	590,000
Total expenditures and transfers out requiring appropriation	368,117	337,710	590,000
ENDING FUND BALANCES	\$ 616,908	\$ 797,710	\$ 850,000
DEBT SERVICE RESERVE	\$ 350,000	\$ 350,000	\$ 350,000
DEBT SERVICE SURPLUS	266,908	447,710	500,000
TOTAL RESERVE	\$ 616,908	\$ 797,710	\$ 850,000

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2**  
**CAPITAL PROJECTS FUND**  
**2016 BUDGET AS ADOPTED**  
**WITH 2014 ACTUAL AND 2015 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/22/2016

	ACTUAL 2014	ESTIMATED 2015	ADOPTED 2016
BEGINNING FUND BALANCES	\$ 3,706,940	\$ 1,819,095	\$ 425,095
REVENUES			
1 Developer advance	75,600	-	-
2 Net investment income	3,003	2,000	400
3 Bond issuance	2,750,000	-	-
4 Facilities fees	78,000	69,000	-
Total revenues	2,906,603	71,000	400
Total funds available	6,613,543	1,890,095	425,495
EXPENDITURES			
General and administration			
5 Contingency	-	-	25,000
6 Cost of issuance	75,600	-	-
7 Repayment of developer advance	4,718,848	1,465,000	280,000
Total expenditures	4,794,448	1,465,000	305,000
Total expenditures and transfers out requiring appropriation	4,794,448	1,465,000	305,000
ENDING FUND BALANCES	\$ 1,819,095	\$ 425,095	\$ 120,495

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2**  
**2016 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTION**

**Services Provided**

The Banning Lewis Ranch Metropolitan District No. 2 (“the District”), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado on December 1, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide street improvements, parks and recreational facilities, water supply, wastewater facilities, traffic and safety controls, public transportation, fire protection, mosquito control and television relay. The District is one of the Financing Districts organized in conjunction with six other related Districts - Banning Lewis Ranch Metropolitan District Nos. 1, 3, 4, 5, 7 and Banning Lewis Ranch Regional Metropolitan District (formerly District No. 6). District No. 1 serves as the Operating District which will pay all vendors of and receive reimbursement/contributions from the Financing Districts. All other Districts, including District No. 2, are the Financing Districts which will issue debt, levy ad valorem taxes on taxable properties within each District and assess fees, rates and other charges as authorized by law. Banning Lewis Ranch Regional Metropolitan District will serve as the Regional Improvement District serving all of the Districts. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

During elections held on November 1, 2005, the District's voters authorized total general obligation indebtedness of \$929,500,000 for the above listed facilities and powers as well as for refunding debt. The elections also approved annual increases in property taxes of up to \$8,000,000, without limitation to rate, to pay the District's operations and maintenance costs. The election also allows the District to retain all revenues without regard to the limitation contained in Article X, Section 20 of the Colorado constitution or any other law.

Pursuant to the Service Plan, District No. 2 is permitted to issue bond indebtedness of up to \$84,500,000.

The District has no employees and all administrative functions are contractual.

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.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2**  
**2016 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTION**

**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.

For collection year 2016, the District adopted a mill levy of 20.000 for operations and 30.000 for debt service. The calculation is reflected on page 3 of the Budget.

**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 11% of the property taxes collected.

**Interest Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.15%.

**Expenditures**

**County Treasurer's Fees**

County Treasurer's collection fees have been computed at 1.5% of property taxes.

**Intergovernmental expenditure – Banning Lewis Ranch Metropolitan District No. 1 –  
O&M Taxes**

Property taxes generated from the 20.000 mills levied by the District for operations and maintenance, net of fees, are expected to be transferred to District No. 1, the Operating District, which pays all administrative expenditures of the District.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2**  
**2016 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTION**

**Expenditures – (continued)**

**Repayment of Developer Advance**

The District anticipates a repayment of developer advances in the Capital Projects Fund in the amount of \$280,000 in 2016.

**Debt Service**

Interest payments are provided based on the attached debt amortization schedule from the Series 2013 Bonds (discussed under Debt and Leases).

No debt service schedule for the Series 2014 Subordinate General Obligation Limited Tax Bonds is provided because amounts are payable from subordinate pledged revenue, which may or may not be sufficient to make debt service payments when due.

**Debt and Leases**

On April 15, 2013, the District issued General Obligation Limited Tax Bonds, Series 2013 (Series 2013 Bonds), in the principal amount of \$8,250,000 for the purpose of paying the costs of providing certain public improvements for the District. The Series 2013 Bonds have an anticipated maturity date of December 1, 2018 and carry a fixed interest rate of 3.02% through December 1, 2018, then assumes 5.75% thereafter on a 30 year amortization schedule, with a maturity date not later than December 1, 2019.

On April 29 2014, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2014 (Series 2014 Bonds), in the principal amount of \$2,750,000 for the purpose of reimbursing the Developer for outstanding advances and to terminate the reimbursement agreement between the District and the Developer, thus removing any further Developer advance reimbursement obligation from the District. The Series 2014 Bonds have an anticipated maturity date of December 15, 2047, and carry a fixed interest rate of 6.50%.

The Series 2013 Bonds and Series 2014 Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and (3) any other legally available monies which the District determines to be treated as Pledged Revenue. The Series 2013 Bonds are also secured by amounts held by the Trustee in the Reserve Fund in the amount of \$350,000. The Series 2013 Bonds are also required to maintain a Surplus Fund with a maximum amount of \$500,000. For so long as the debt to assessed ratio of the District is greater than 30%, the Surplus Fund shall be maintained. No payments may be made on the Series 2014 Bonds if the Reserve Fund and the Surplus Fund are less than the maximum amounts.



**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2**  
**2016 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTION**

**Debt and Leases - (continued)**

The Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable and to make up any deficiencies in the Reserve Fund. The maximum Required Mill Levy is 30.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District.

The District has no operating or capital leases.

**Reserves**

**Debt Service Reserve**

The District maintains a Debt Service Reserve of \$350,000 as required with the issuance of the Series 2013 Bonds.

**Emergency Reserve**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 1, which pays for all Districts' operations and maintenance costs, an emergency reserve is not reflected in the District's 2016 Budget. The Emergency Reserve for these revenues is reflected in District No. 1.

**This information is an integral part of the accompanying budget.**

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
 December 31, 2015**

**\$8,250,000 Limited Tax G.O. Bonds  
 Series 2013**

**Dated April 15, 2013**

**Principal Due December 1**

**Interest Rate 3.02% and 5.75% Payable**

**June 1 and December 1**

<b><u>Year Ended December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016	\$ 150,000	\$ 246,734	\$ 396,734
2017	235,000	242,204	477,204
2018	250,000	235,107	485,107
2019	7,535,000	433,262	7,968,262
	<b><u>\$ 8,170,000</u></b>	<b><u>\$ 1,157,307</u></b>	<b><u>\$ 9,327,307</u></b>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**NOTICE AS TO PROPOSED BUDGET  
AND  
NOTICE CONCERNING BUDGET AMENDMENT**

NOTICE IS HEREBY GIVEN that the proposed budget for the ensuing year of 2016 has been submitted to the Banning Lewis Ranch Metropolitan District No. 2 ("District"). Such proposed budget will be considered at a meeting and public hearing of the Board of Directors of the District to be held at the NorthTree Ranch House, 6885 Vista del Pico, Colorado Springs, Colorado, at 10:00 a.m. on Thursday, December 10, 2015.

NOTICE IS FURTHER GIVEN that an amendment to the 2015 budget of the District may also be considered at the above-referenced meeting and public hearing of the Board of Directors of the District.

A copy of the proposed 2016 budget and the amended 2015 budget, if required, are available for public inspection at the offices of CliftonLarsonAllen LLP, 8390 E. Crescent Pkwy., Suite 500, Greenwood Village, Colorado. Any interested elector within the District may, at any time prior to final adoption of the 2016 budget and the amended 2015 budget, file or register any objections thereto.

Dated: December 2, 2015

BANNING LEWIS RANCH METROPOLITAN  
DISTRICT NO. 2

By: /s/ Chuck Reid  
District Manager

Proof of Publication

THE TRANSCRIPT  
Colorado Springs, Colorado

STATE OF COLORADO, } ss.  
COUNTY OF EL PASO }

I, Fran Zankowski, C.E.O., or the undersigned Authorized Agent of the C.E.O., do solemnly swear that I am the C.E.O., or Authorized Agent of the C.E.O. of The Transcript; that the same is a tri-weekly newspaper and published in the County of El Paso, State of Colorado, and has a general circulation therein; that said newspaper has been published continuously and uninterruptedly in said County of El Paso for a period of more than fifty-two consecutive weeks prior to the first publication of the annexed legal notice or advertisement; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, and that said newspaper is a tri-weekly newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

That the annexed legal notice or advertisement was published in the regular and entire issue of every number of said tri-weekly newspapers for the period of 1 consecutive insertion(s), and/or once each week and on the same days of each week; and that the first publication of said notice was in the issue of said newspaper dated:

02, DECEMBER, A.D. 2015.

And that the last publication of said notice was in the issue of said newspaper dated:

02, DECEMBER, A.D. 2015.

In witness whereof, I have hereunto set my hand this 2nd day of December, A.D. 2015.

*W. Zankowski*

Publisher/Authorized Agent

Subscribed and sworn to before me, a notary public in and for the County of El Paso, State of Colorado, this 2nd day of December, A.D. 2015.

*Robyn Kirk*

Notary Public

ROBYN KIRK  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 20114063677  
MY COMMISSION EXPIRES OCTOBER 5, 2019

NOTICE AS TO PROPOSED  
BUDGET AND NOTICE  
CONCERNING BUDGET  
AMENDMENT

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Dated: December 2, 2015  
BANNING LEWIS RANCH  
METROPOLITAN DISTRICT NO. 2  
By: *Is/ Chuck Reid*  
District Manager  
Publication Date: December 2, 2015  
Published in The Transcript  
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