



**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
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## **Accountant's Compilation Report**

Board of Directors  
Wheatlands Metropolitan District No. 2  
Arapahoe County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances of the Wheatlands Metropolitan District No. 2 for the General Fund, Debt Service Fund, and Special Revenue Fund for the year ending December 31, 2012, including the forecasted estimate of comparative information for the year ending December 31, 2011, in accordance with attestation standards established by the American Institute of Certified Public Accountants. A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2010 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2010, as prepared by Dazzo & Plutt, LLC, dated July 28, 2011, wherein an unqualified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to Wheatlands Metropolitan District No. 2.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 19, 2012

**WHEATLANDS METROPOLITAIN DISTRICT NO. 2**  
**SUMMARY**  
**FORECASTED 2012 BUDGET AS ADOPTED**  
**WITH 2010 ACTUAL AND 2011 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/19/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 4,970,954	\$ 3,967,254	\$ 6,885,687
REVENUES			
1 Property taxes	700,524	848,513	930,169
2 Specific ownership taxes	42,666	52,519	55,810
3 System development fees	196,000	52,000	-
4 Developer advance	20,382	4,000,000	-
5 Net investment income	12,783	6,846	8,510
6 Operations and working capital fees	-	230,328	264,960
7 Operations fees - vacant lots	-	166,384	334,080
8 Intergovernmental agreement - ARI	-	39,470	-
9 HOA contribution	-	100,000	-
10 Clubhouse rental fees	-	400	2,500
Total revenues	<u>972,355</u>	<u>5,496,460</u>	<u>1,596,029</u>
Total funds available	<u>5,943,309</u>	<u>9,463,714</u>	<u>8,481,716</u>
EXPENDITURES			
General and administration			
11 Accounting	-	50,000	50,000
12 Audit	4,700	4,700	4,700
13 Capital outlay	-	-	5,000
14 Contingency	-	17,158	4,220
15 County Treasurer's fees	2,406	4,186	4,590
16 County Treasurer's fees - ARI	160	169	184
17 Election	-	-	2,500
18 Insurance	-	2,355	3,000
19 Intergovernmental - Wheatlands #1	178,752	-	-
20 Intergovernmental agreement - ARI	10,532	-	-
21 Legal	-	45,887	35,000
22 Legal - HOA dissolution	-	14,323	-
23 Miscellaneous	-	4,500	1,000
24 Website	-	5,150	8,750
25 Operations and maintenance - General	-	90,091	91,000
26 Landscape maintenance	-	196,650	230,500
27 Clubhouse maintenance	-	5,000	54,440
28 Pool maintenance	-	-	56,500
29 Utilities	-	260,000	303,500
Debt service			
30 Bond interest Series 2005	756,273	756,273	750,393
31 Bond interest Series 2008	1,010,213	1,010,213	1,010,213
32 Bond principal Series 2005	-	98,000	152,000
33 County Treasurer's fees	8,019	8,372	9,179
34 Paying agent fees	5,000	5,000	5,000
Total expenditures	<u>1,976,055</u>	<u>2,578,027</u>	<u>2,781,669</u>
Total expenditures and transfers out requiring appropriation	<u>1,976,055</u>	<u>2,578,027</u>	<u>2,781,669</u>
ENDING FUND BALANCES	<u>\$ 3,967,254</u>	<u>\$ 6,885,687</u>	<u>\$ 5,700,047</u>
EMERGENCY RESERVE	\$ -	\$ 23,800	\$ 27,900
DEBT SERVICE RESERVE FUND - 2008	1,224,500	1,224,500	1,224,500
DEBT SERVICE GUARANTEE FUND - 2008	-	3,800,000	2,800,000
RESERVED FOR ARI AUTHORITY	-	50,580	57,645
REPLACEMENT RESERVE	-	60,000	75,000
TOTAL RESERVE	<u>\$ 1,224,500</u>	<u>\$ 5,158,880</u>	<u>\$ 4,185,045</u>

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

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

1/19/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
<b>ASSESSED VALUATION - ARAPAHOE</b>			
Residential	\$ 5,723,560	\$ 6,717,810	\$ 8,508,650
Vacant Land	4,030,030	4,210,150	3,421,270
Personal Property	121,390	106,010	64,370
State Assessed	204,420	234,950	244,770
Certified Assessed Value	\$ 10,079,400	\$ 11,268,920	\$ 12,239,060
<b>MILL LEVY</b>			
GENERAL FUND	15.000	25.000	25.000
DEBT SERVICE FUND	50.000	50.000	50.000
AURORA REGIONAL	1.000	1.000	1.000
Total Mill Levy	66.000	76.000	76.000
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ 151,191	\$ 281,723	\$ 305,977
DEBT SERVICE FUND	503,970	563,446	611,953
AURORA REGIONAL	10,079	11,269	12,239
Levied property taxes	665,240	856,438	930,169
Adjustments to actual/rounding	35,284	-	-
Refund and abatements	-	(7,925)	-
Budgeted Property Taxes	\$ 700,524	\$ 848,513	\$ 930,169
<b>BUDGETED PROPERTY TAXES</b>			
GENERAL FUND	\$ 159,192	\$ 279,081	\$ 305,977
DEBT SERVICE FUND	530,640	558,163	611,953
AURORA REGIONAL	10,692	11,269	12,239
	\$ 700,524	\$ 848,513	\$ 930,169

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

**WHEATLANDS METROPOLITAIN DISTRICT NO. 2**  
**GENERAL FUND**  
**FORECASTED 2012 BUDGET AS ADOPTED**  
**WITH 2010 ACTUAL AND 2011 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/19/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 244	\$ -	\$ 92,950
REVENUES			
1 Property taxes	159,192	279,081	305,977
2 Specific ownership taxes	9,843	16,721	19,090
3 Developer advance	15,382	-	-
4 Net investment income	1,197	36	1,000
5 Operations and working capital fees	-	230,328	264,960
6 Operations fees - vacant lots	-	166,384	334,080
7 HOA contribution	-	100,000	-
8 Clubhouse rental fees	-	400	2,500
Total revenues	185,614	792,950	927,607
Total funds available	185,858	792,950	1,020,557
EXPENDITURES			
General and administration			
9 Accounting	-	50,000	50,000
10 Audit	4,700	4,700	4,700
11 Contingency	-	17,158	4,220
12 County Treasurer's fees	2,406	4,186	4,590
13 Election	-	-	2,500
14 Insurance	-	2,355	3,000
15 Intergovernmental - Wheatlands #1	178,752	-	-
16 Legal	-	45,887	35,000
17 Legal - HOA dissolution	-	14,323	-
18 Miscellaneous	-	4,500	1,000
19 Website	-	5,150	8,750
20 Operations and maintenance - General	-	90,091	91,000
21 Landscape maintenance	-	196,650	230,500
22 Clubhouse maintenance	-	5,000	54,440
23 Pool maintenance	-	-	56,500
24 Utilities	-	260,000	303,500
Total expenditures	185,858	700,000	849,700
Total expenditures and transfers out requiring appropriation	185,858	700,000	849,700
ENDING FUND BALANCES	\$ -	\$ 92,950	\$ 170,857
EMERGENCY RESERVE	\$ -	\$ 23,800	\$ 27,900
REPLACEMENT RESERVE	-	60,000	75,000
TOTAL RESERVE	\$ -	\$ 83,800	\$ 102,900
UNRESERVED FUND BALANCE	\$ -	\$ 9,150	\$ 67,957

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

**WHEATLANDS METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND EXPENDITURE DETAILS**  
**FORECASTED 2012 BUDGET AS ADOPTED**  
**WITH 2010 ACTUAL AND 2011 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/19/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
Operations and maintenance - General			
1 Accounting	\$ -	\$ 7,500	\$ 7,500
2 Billing and collection	-	20,000	15,000
3 Community activities	-	-	5,000
4 Facilities management	-	15,000	25,000
5 Insurance	-	9,420	10,000
6 Legal	-	25,742	25,000
7 Legal - collections	-	12,429	-
8 Postage, printing, copies	-	-	3,500
Total Operations and maintenance - General	\$ -	\$ 90,091	\$ 91,000
Landscape maintenance			
9 Cobblestone / river rock	\$ -	\$ 3,285	\$ 20,000
10 Irrigation controllers	-	-	45,000
11 Irrigations repairs	-	-	20,000
12 Landscape design award	-	-	1,500
13 Landscape maintenance contract	-	190,865	105,000
14 Landscape replacement	-	-	21,000
15 Lighting	-	-	1,500
16 Playground and park maintenance	-	-	1,500
17 Snow removal	-	2,500	5,000
18 Sod repair	-	-	10,000
Total Landscape maintenance	\$ -	\$ 196,650	\$ 230,500
Clubhouse maintenance			
19 Clubhouse maintenance and supplies	\$ -	\$ 5,000	\$ 4,200
20 Improvements and repairs	-	-	5,000
21 Janitorial / housekeeping	-	-	3,240
22 Keys / locks	-	-	1,000
23 Pest control	-	-	1,000
24 Security system	-	-	40,000
Total Clubhouse maintenance	\$ -	\$ 5,000	\$ 54,440
Pool maintenance			
25 Chemicals	\$ -	\$ -	\$ 10,000
26 Contract / lifeguards	-	-	30,000
27 Repairs and maintenance	-	-	15,000
28 Supplies	-	-	1,500
Total Pool maintenance	\$ -	\$ -	\$ 56,500
Utilities			
29 Gas and electric	\$ -	\$ 45,000	\$ 45,000
30 Telephone / WiFi / Cable	-	-	2,500
31 Trash removal	-	-	36,000
32 Water and sewer	-	215,000	220,000
Total Utilities	\$ -	\$ 260,000	\$ 303,500

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

**WHEATLANDS METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**FORECASTED 2012 BUDGET AS ADOPTED**  
**WITH 2010 ACTUAL AND 2011 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/19/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 4,970,710	\$ 3,967,254	\$ 6,742,157
REVENUES			
1 Property taxes	530,640	558,163	611,953
2 Specific ownership taxes	32,823	35,798	36,720
3 System development fees	196,000	52,000	-
4 Developer advance	5,000	4,000,000	-
5 Net investment income	11,586	6,800	7,500
6 Aurora regional taxes	10,692	-	-
Total revenues	<u>786,741</u>	<u>4,652,761</u>	<u>656,173</u>
Total funds available	<u>5,757,451</u>	<u>8,620,015</u>	<u>7,398,330</u>
EXPENDITURES			
General and administration			
7 County Treasurer's fees - ARI	160	-	-
8 Intergovernmental agreement - ARI	10,532	-	-
Debt service			
9 Bond interest Series 2005	756,273	756,273	750,393
10 Bond interest Series 2008	1,010,213	1,010,213	1,010,213
11 Bond principal Series 2005	-	98,000	152,000
12 County Treasurer's fees	8,019	8,372	9,179
13 Paying agent fees	5,000	5,000	5,000
Total expenditures	<u>1,790,197</u>	<u>1,877,858</u>	<u>1,926,785</u>
Total expenditures and transfers out requiring appropriation	<u>1,790,197</u>	<u>1,877,858</u>	<u>1,926,785</u>
ENDING FUND BALANCES	<u>\$ 3,967,254</u>	<u>\$ 6,742,157</u>	<u>\$ 5,471,545</u>
DEBT SERVICE RESERVE FUND - 2008	\$ 1,224,500	\$ 1,224,500	\$ 1,224,500
DEBT SERVICE GUARANTEE FUND - 2008	-	3,800,000	2,800,000
TOTAL RESERVE	<u>\$ 1,224,500</u>	<u>\$ 5,024,500</u>	<u>\$ 4,024,500</u>

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

**WHEATLANDS METROPOLITAIN DISTRICT NO. 2**  
**SPECIAL REVENUE FUND**  
**FORECASTED 2012 BUDGET AS ADOPTED**  
**WITH 2010 ACTUAL AND 2011 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/19/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 50,580
REVENUES			
1 Property taxes	-	11,269	12,239
2 Net investment income	-	10	10
3 Intergovernmental agreement - ARI	-	39,470	-
Total revenues	-	50,749	12,249
Total funds available	-	50,749	62,829
EXPENDITURES			
General and administration			
4 Capital outlay	-	-	5,000
5 County Treasurer's fees - ARI	-	169	184
Total expenditures	-	169	5,184
Total expenditures and transfers out requiring appropriation	-	169	5,184
ENDING FUND BALANCES	\$ -	\$ 50,580	\$ 57,645
RESERVED FOR ARI AUTHORITY	\$ -	\$ 50,580	\$ 57,645
TOTAL RESERVE	\$ -	\$ 50,580	\$ 57,645

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

**WHEATLANDS METROPOLITAN DISTRICT NO. 2**  
**2012 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District was organized by Court Order dated December 4, 2001, to provide financing for the design, acquisition, installation and construction of water, streets, traffic and safety controls, parks, open space and recreation and sanitation facilities. The District's service area is located entirely within the City of Aurora (the "City"), in Arapahoe County, Colorado. Under the Consolidated Service Plan, the District is the Taxing District related to Wheatlands Metropolitan District No. 1 (Wheatlands No. 1) as the Operating District to serve the new community of Wheatlands. The Operating District is responsible for management of the construction of all facilities and improvements and for operation and maintenance of all improvements not conveyed to the City. The Taxing District provides the funding for infrastructure improvements and the tax base needed to support ongoing operations. District No. 1 adopted a resolution approving the dissolution of District No. 1 in 2011; consequently, District No. 2 acts as both the "operating" and "financing" District.

On November 6, 2001, the District voters approved an annual increase in property taxes of \$600,000, without limitation of rate, to pay the District's operations and maintenance costs. Total debt authorization was also approved in the amount of \$44,500,000 for financing of the above listed facilities and operations and maintenance; in the amount of \$43,500,000 for refunding; and in the amount of \$500,000 for mortgages, liens and other encumbrances on District property, with a corresponding annual increase in taxes. The election also provided for intergovernmental agreements as multi-fiscal year obligations and allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law.

A second election was held on November 2, 2004, wherein the voters increased the debt authorization of the District to \$495,000,000 for capital improvements, \$2,000,000 for operations and maintenance, \$110,000,000 for refunding and \$124,750,000 for various agreements.

The Districts' service plan limits the total debt issuance of the project to \$55,000,000, with a maximum debt mill levy of 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

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

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

**Revenue**

**Property Taxes**

The 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



**WHEATLANDS METROPOLITAN DISTRICT NO. 2**  
**2012 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenue - Continued**

determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of property taxes levied is displayed on page 3 of the budget at the adopted mill levy of 76.000 mills.

**Aurora Regional Improvements (ARI) Mill Levy**

Pursuant to the Amended and Restated Service Plan, which is dated August 6, 2004, the District is required to impose a 1.000 mill levy for payment of the planning, designing, permitting, construction, acquisition and financing of the regional improvements described in the ARI Master Plan. The ARI Master Plan is one or more master plans adopted by an ARI Authority establishing Regional Improvements which will benefit the taxpayers and service users of the districts which constitute such ARI Authority, which master plan will change from time to time. The District is a participant in the Aurora Regional Improvement Authority No 2. Revenues collected and held under the ARI mill levy will be held in a segregated account for the benefit of the Authority.

**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 6% of the property taxes collected by both the General Fund and Debt Service Fund. The forecast assumes that specific ownership taxes allocable to property taxes collected by the Debt Service Fund will be pledged to debt service on the bonds during the term the bonds are outstanding.

**Operations and Working Capital Fees**

The District charges a maintenance fee to all real property owners for the ongoing maintenance responsibilities of the District. The monthly fee is \$60 per residential unit and \$40 per month for builder owned lots.

In addition to the monthly operations fee, the District will impose a working capital fee on all transfers of residential units by an end user. The amount of the working capital fee is .0015 (15 basis points) of the consideration for the transfer when the consideration exceeds \$500.00. For consideration of less than \$500.00 no working capital fee shall be payable.

**WHEATLANDS METROPOLITAN DISTRICT NO. 2**  
**2012 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenue - Continued**

**Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.1%.

**Expenditures**

**Administrative Expenditures**

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as audit, accounting, insurance, utilities, landscape maintenance, and other administrative expenses.

**Operations and Maintenance Expenditures**

The District will assume the HOA responsibilities in 2012, which includes general operations and maintenance, additional landscaping, clubhouse and swimming pool expenditures.

**Debt Service**

Debt service payments for the general obligation bonds are listed on page 6 of the budget. Principal and interest are consistent with payments anticipated in the debt service requirements in the bond documents.

**Capital Outlay**

The District anticipates capital expenditures using ARI funds as displayed on page 7.

**Debt and Leases**

On September 28, 2005, the District issued \$21,650,000 in Limited Tax Convertible to Unlimited Tax General Obligation Bonds (the "2005 Bonds"). The 2005 Bonds are term bonds subject to mandatory sinking fund redemption due December 1, 2025 and December 1, 2035, with an interest rate of 6.000% and 6.125%, respectively, paid semi-annually on June 1 and December 1. The 2005 Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2015 and on any date thereafter with no redemption premium. The 2005 Bonds are payable from pledged revenue including the District's covenant to levy the required mill levy of 50.000 mills on all taxable property within the District, facilities fees, specific ownership taxes, and other legally available revenues.

Upon issuance of the 2005 Bonds, the following accounts – which are named funds, were created and are maintained by the Trustee:

- a) the Construction Fund, and within the Construction Fund the Restricted Account and the Unrestricted Account

**WHEATLANDS METROPOLITAN DISTRICT NO. 2**  
**2012 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - Continued**

- b) the Bond Fund
- c) the Surplus Fund

The Trustee disbursed funds from the Unrestricted Account of the Construction Fund in accordance with requisitions signed by the District Representative certifying that all amounts drawn will be applied to the payment of Project Costs or any costs of issuing the 2005 Bonds.

Funds in the Restricted Account were transferred to the Unrestricted Account based upon the transfer of title or whether a building permit has been issued and the corresponding Facility Fee has been paid, for Single Family Lots, Multi-Family Planning Areas or acreage of Parcels which have been transferred to an approved builder.

On September 10, 2008, funds remaining in the Restricted Account of the construction fund were used to redeem outstanding bonds in accordance with the 2005 General Obligation Bond Indenture. Funds in the Bond Fund will be used solely to pay the principal of, premium if any, and interest on the 2005 Bonds. Funds are applied first to the payment of interest due in connection with the 2005 Bonds and second to the payment of the principal of and premium, if any, on the 2005 Bonds. Funds in the Surplus Fund will be used and pledged solely for the payment of 2005 Bonds, and shall not be used or pledged to the payment of any other obligations, including without limitation, any Parity Bonds. The Surplus Fund shall be maintained until the date on which the District's Debt to Assessed Ratio is less than 50%, after which time the Surplus Fund shall be terminated and any moneys therein applied to any legal purpose of the District.

The Pledged Revenue will be applied in the following order of priority:

First, to the Bond Fund for payment of principal and interest;

Second, to the Surplus Fund until the amount is equal to the Maximum Surplus Amount of \$2,000,000;

Third, to any other fund or account established for the payment of principal and interest on Subordinate Bonds, including any sinking fund, reserve fund, or similar fund or account;

Fourth, all Pledged Revenue remaining after the payments and accumulations set forth in First through Third shall be deposited to any other fund or account as designated by the District.

On September 10, 2008, the District issued \$12,245,000 in Limited Tax Convertible to Unlimited Tax Subordinate General Obligation Bonds (the "2008 Bonds"). The 2008 Bonds are term bonds with an interest rate of 8.25% paid annually on December 15. The 2008 Bonds are payable from pledged revenue including the District's covenant to levy the required mill levy on all taxable property within the District, facilities fees, specific ownership taxes, and other legally available revenues. The 2008 Bonds are also secured by a reserve fund in the amount of \$1,224,500,

**WHEATLANDS METROPOLITAN DISTRICT NO. 2**  
**2012 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - Continued**

established as additional security for the 2008 Bonds. During 2011, pursuant to the Trust Indenture, the Developer exchanged the collateralized land, held by the Trustee, with a \$4,000,000 cash deposit into the District's guarantee surplus fund. This fund is available to be used for future debt service payments.

Prior to the earlier of (1) the date the Senior Debt to Assessed Ratio is equal to 50% or less, Pledged Revenue that is not needed to pay debt service on the 2005 Bonds or replenish the Senior Bonds Surplus Fund in any year will be deposited to and held in the Subordinate Bonds Surplus Fund, up to the Maximum Surplus Amount of \$2,500,000.

Upon issuance of the 2008 Bonds, the following accounts – which are named funds were created and are maintained by the Trustee:

- a) the Construction Fund
- b) the Restricted Fund
- c) the Bond Fund
- d) the Subordinate Debt Service Reserve Fund

The District currently has no outstanding capital or operating leases.

**Reserves**

**Emergency Reserve**

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2012, as defined under TABOR.

**Debt Service Reserves**

The District has a debt service reserve fund for the 2008 Bonds in the amount of \$1,224,500. Also, the District has a debt service guarantee fund for the 2008 Bonds in the original amount of \$4,000,000, to be drawn upon as needed for scheduled debt service payments.

**Replacement Reserve**

The District has provided for a replacement reserve for use in subsequent year capital improvement projects.

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

**WHEATLANDS METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2012**

<b>Bonds and Interest Maturing in the Year Ending December 31, Year</b>	<b>\$21,650,000 General Obligation Bonds Limited Tax Convertible to Unlimited Tax, Series 2005 Dated September 28, 2005, Interest at 6% to December 1, 2025, then 6.125% Interest Payable June 1 and December 1 Principal Due December 1</b>		<b>\$12,245,000 Subordinate General Obligation Limited Tax Convertible to Unlimited Tax Bonds, Series 2008 Dated September 10, 2008 Interest Rate 8.25% Interest Payable June 15 and December 15 Principal Due December 15</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2012	\$ 152,000	\$ 750,393	\$ -	\$ 1,010,213	\$ 1,912,606
2013	181,000	741,273	-	1,010,213	1,932,486
2014	190,000	730,413	-	1,010,213	1,930,626
2015	221,000	719,013	75,000	1,010,213	2,025,226
2016	233,000	705,753	165,000	1,004,025	2,107,778
2017	267,000	691,773	155,000	990,413	2,104,186
2018	282,000	675,753	210,000	977,625	2,145,378
2019	319,000	658,833	210,000	960,300	2,148,133
2020	339,000	639,693	270,000	942,975	2,191,668
2021	376,000	619,353	275,000	920,700	2,191,053
2022	399,000	596,793	340,000	898,013	2,233,806
2023	445,000	572,853	345,000	869,963	2,232,816
2024	471,000	546,153	415,000	841,500	2,273,653
2025	520,000	517,893	430,000	807,263	2,275,156
2026	552,000	486,693	510,000	771,788	2,320,481
2027	606,000	452,883	530,000	729,713	2,318,596
2028	643,000	415,765	620,000	685,988	2,364,753
2029	704,000	376,381	650,000	634,838	2,365,219
2030	747,000	333,261	750,000	581,213	2,411,474
2031	813,000	287,508	795,000	519,338	2,414,846
2032	865,000	237,711	905,000	453,750	2,461,461
2033	939,000	184,730	960,000	379,088	2,462,818
2034	997,000	127,216	1,085,000	299,888	2,509,104
2035	1,080,000	66,150	2,550,000	210,375	3,906,525
	<u>\$ 12,341,000</u>	<u>\$ 12,134,240</u>	<u>\$ 12,245,000</u>	<u>\$ 18,519,600</u>	<u>\$ 55,239,840</u>

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