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Accountant's Compilation Report

Board of Directors
Villages at Johnstown Metropolitan District No. 2

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Villages at Johnstown Metropolitan District No. 2 for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

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

We are not independent with respect to Villages at Johnstown Metropolitan District No. 2.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 8, 2020



An independent member of Nexia International

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 2
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/8/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	483
Specific ownership tax	-	-	39
Bond proceeds	-	-	5,000,000
Intergovernmental revenues - District No. 3	-	-	18
Total revenues	<u>-</u>	<u>-</u>	<u>5,000,540</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>100,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>5,100,540</u>
EXPENDITURES			
General Fund	-	-	105
Debt Service Fund	-	-	100,435
Capital Projects Fund	-	-	4,900,000
Total expenditures	<u>-</u>	<u>-</u>	<u>5,000,540</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>100,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>5,100,540</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/8/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Agricultural	\$ -	\$ 59	\$ 9,311
Natural Resources	-	-	351
Certified Assessed Value	\$ -	\$ 59	\$ 9,662
MILL LEVY			
General	0.000	0.000	10.000
Debt Service	0.000	0.000	40.000
Total mill levy	0.000	0.000	50.000
PROPERTY TAXES			
General	\$ -	\$ -	\$ 97
Debt Service	-	-	386
Budgeted property taxes	\$ -	\$ -	\$ 483
BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ 97
Debt Service	-	-	386
	\$ -	\$ -	\$ 483

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

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/8/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	97
Specific ownership tax	-	-	8
Total revenues	<u>-</u>	<u>-</u>	<u>105</u>
Total funds available	<u>-</u>	<u>-</u>	<u>105</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	-	2
Intergovernmental expenditures - District No. 1	-	-	103
Total expenditures	<u>-</u>	<u>-</u>	<u>105</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>105</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/8/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	386
Specific ownership tax	-	-	31
Intergovernmental revenues - District No. 3	-	-	18
Total revenues	<u>-</u>	<u>-</u>	<u>435</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>100,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>100,435</u>
EXPENDITURES			
Debt Service			
County Treasurer's fee	-	-	8
Bond interest - Series 2020	-	-	100,000
Contingency	-	-	427
Total expenditures	<u>-</u>	<u>-</u>	<u>100,435</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>100,435</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/8/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Bond proceeds	-	-	5,000,000
Total revenues	<u>-</u>	<u>-</u>	<u>5,000,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>5,000,000</u>
EXPENDITURES			
Capital Projects			
Bond issuance costs	-	-	150,000
Intergovernmental expenditures - District No. 1	-	-	4,750,000
Total expenditures	<u>-</u>	<u>-</u>	<u>4,900,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>-</u>	<u>100,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>5,000,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Villages at Johnstown Metropolitan District No. 2 (District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized concurrently with Villages of Johnstown District Nos. 1 and 3-8 (collectively the Districts) by order and decree of the District Court for Larimer County on May 30, 2018, 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 entirely within Johnstown, Larimer County, Colorado.

Pursuant to the Consolidated Service Plan, District No. 1 will serve as the service district and will be responsible for managing the construction and operation of the facilities and improvements for the Districts. Districts Nos. 2-8 will serve as the financing districts and are responsible for providing the funding and tax base needed to support the capital improvements.

During the election held on May 8, 2018, a majority of the District's electors authorized general obligation indebtedness of \$1,190,000,000, for the above listed facilities, intergovernmental agreements and debt refunding. Additionally, on May 8, 2018, the Districts' voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

The Consolidated Service Plan limits the aggregate amount of debt that may be issued by the Districts to \$72,500,000.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the property tax summary information page of the budget.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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 8% of the property taxes collected.

Bond Issuance

The District anticipates issuing Bonds in 2020.

Transfers from Villages at Johnstown Metropolitan District No. 3

The Villages at Johnston Metropolitan District No. 3's debt service mill levy of 40.000 mills, net of collection fees, is anticipated to be transferred to the District to help fund debt service expenses.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 2.0% of property tax collections.

Capital Outlay

The District anticipates capital expenditures as outlined on the Capital Projects Fund page of the budget.

Debt Service

Principal and interest payments for 2020 are estimated based on a proposed bond issuance.

Transfers to Villages at Johnstown Metropolitan District No. 1

Pursuant to the District Coordinating Services Agreement anticipated to be entered into in 2020, Villages at Johnston Metropolitan District No. 1 will provide certain operation, maintenance and administrative services benefitting the Districts. The Districts will pay all costs of such services through the imposition of ad valorem property taxes and transferring the net tax revenues to Villages at Johnston Metropolitan District No. 1.

Debt and Leases

Series 2020 Bonds

The District anticipates issuing Bonds prior to the end of 2020. The final terms of the Bonds will be disclosed upon issuance of the Bonds.

The District has no operating or capital leases.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2020, as defined under TABOR, because net tax revenue is transferred to District No. 1, the service district, which provides for the required reserve amount.

This information is an integral part of the accompanying budget.