

NOTICE AS TO PROPOSED 2011 BUDGET

487

**AURORA SENTINEL
PROOF OF PUBLICATION**

**STATE OF COLORADO
COUNTY OF ARAPAHOE }ss.**

I HARRISON COCHRAN, do solemnly swear that I am the PUBLISHER of the AURORA SENTINEL; that the same is a weekly newspaper published in the County of Arapahoe, State of Colorado and has a general circulation therein; that said newspaper has been published continuously and uninterruptedly in said County of Arapahoe 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 30, 1923, entitled "Legal Notices and Advertisements", or any amendments thereof, and that said newspaper is a 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 weekly newspaper for the period of 1 consecutive insertions; and that the first publication of said notice was in the issue of said newspaper dated December 9 A.D. 2010 and that the last publication of said notice was in the issue of said newspaper dated December 9 A.D. 2010.

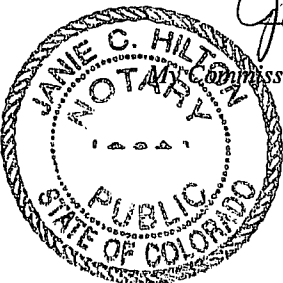
In witness whereof I have hereunto set my hand this 9 day of December.

H. Harrison Cochran

Subscribed and sworn to before me, a notary public in the County of Arapahoe, State of Colorado, this 9 day of December A.D. 2010.

Janie C. Hilton
Notary Public

My Commission expires December 15, 2012



**NOTICE AS TO PROPOSED
2011 BUDGET
AND
NOTICE AS TO AMENDED
2010 BUDGET**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to WHEATLANDS METROPOLITAN DISTRICT NO. 2 (the "District") for the year of 2011. A copy of the proposed budget is on file in the office of Clifton Gunderson, LLC, 8390 East Crescent Parkway, Suite 600, Greenwood Village, Colorado 80111, where the same is open for public inspection.

NOTICE IS FURTHER GIVEN that amendments to the 2010 budget have been submitted to the District. A copy of the proposed amended budget is on file in the office of Clifton Gunderson, LLC, 8390 East Crescent Parkway, Suite 600, Greenwood Village, Colorado, 80111, where the same is open for public inspection.

Such proposed budget and amended budget will be considered at a special meeting of the District to be held at 2:30 P.M., on December 13, 2010, at 6801 S. Wheatlands Parkway, Aurora, Colorado. Any interested elector of the District may inspect the proposed budget and amended budget and file or register any objections at any time prior to final adoption of the budget and amended budget.

BY ORDER OF THE
BOARD OF DIRECTORS
WHEATLANDS METROPOLITAN DISTRICT NO. 2

Publication: December
Aurora Sentinel

Thereupon, Director Tashma introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2011 AND ENDING ON THE LAST DAY OF DECEMBER 2011.

WHEREAS, the Board has authorized its treasurer, accountant and/or legal counsel to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, published in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 13, 2010, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-101, *et seq.*, C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Summary of 2011 Revenues and 2011 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2011, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2011. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to

reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 2 shall be deemed ratified by the Board.

Section 3. 2011 Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2011 budget year, there is hereby levied a tax of 25.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. 2011 Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2011 budget year, there is hereby levied a tax of 50.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. 2011 Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2011 budget year, there is hereby levied a tax of 1.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Arapahoe County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget and budget message with the Division of Local Government by January 30 of the ensuing year.

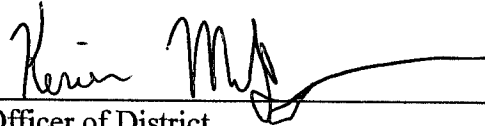
Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director McGlynn.

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RESOLUTION APPROVED AND ADOPTED THIS 13TH DAY OF DECEMBER, 2010.

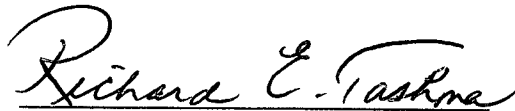
WHEATLANDS METROPOLITAN DISTRICT NO. 2



Officer of District

Kevin McGlynn 1/27/11

ATTEST:



Richard E. Tashma

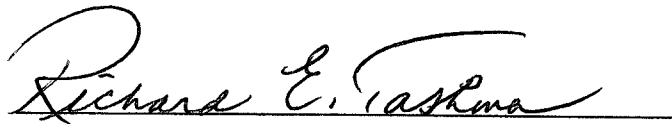
Richard E. Tashma

27 Jan 2011

STATE OF COLORADO
COUNTY OF ARAPAHOE
WHEATLANDS METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on December 13, 2010 at 6601 S. Wheatlands Parkway, Aurora, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 13th day of December 2010.

A handwritten signature in cursive script that reads "Richard E. Tashma". The signature is written in black ink and is positioned above a horizontal line.

Richard E. Tashma

27 Jan 2011

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE



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, Capital Projects Fund and Special Revenue Fund for the year ending December 31, 2011, including the forecasted estimate of comparative information for the year ending December 31, 2010, 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 2009 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2009, as prepared by Dazzio & Plutt, LLC, dated March 31, 2010, 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.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 13, 2010

WHEATLANDS METROPOLITAN DISTRICT NO. 2
SUMMARY
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

12/13/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ 5,522,469	\$ 4,970,954	\$ 3,978,296
REVENUES			
1 Property taxes	582,598	689,832	845,169
2 Specific ownership taxes	43,660	42,665	53,080
3 System development fees	630,000	196,000	-
4 Developer advance	400,410	20,382	-
5 Net investment income	24,075	12,126	16,570
6 Other income	-	3,394	-
7 Aurora Regional taxes	11,387	10,692	11,269
8 Operations and working capital fees	-	-	141,000
9 Intergovernmental agreement - ARI	-	-	48,612
Total revenues	<u>1,692,130</u>	<u>975,091</u>	<u>1,115,700</u>
Total funds available	<u>7,214,599</u>	<u>5,946,045</u>	<u>5,093,996</u>
EXPENDITURES			
10 General and administration			
11 Accounting	-	-	50,000
12 Audit	4,700	4,700	4,700
13 Billing and collection	-	-	12,700
14 Contingency	-	-	3,285
15 County Treasurer's fees	796	2,406	4,226
16 Insurance	-	-	11,000
17 Intergovernmental - Wheatlands No. 1	267,306	170,714	-
18 Landscape maintenance	-	-	92,000
19 Legal	-	-	35,000
20 Miscellaneous	-	-	1,000
21 Operations support	-	-	20,000
22 Utilities	-	-	29,000
23 Water usage	-	-	160,000
24 Debt Service			
25 Bond interest Series 2005	756,272	756,273	756,273
26 Bond interest Series 2008	1,010,213	1,010,213	1,010,213
27 Bond principal Series 2005	-	-	98,000
28 Contingency	-	-	-
29 County Treasurer's fee - Aurora Regional tax	156	160	169
30 County Treasurer's fees	7,955	8,019	8,452
31 Intergovernmental agreement - ARI	11,868	10,264	-
32 Paying agent fees	5,000	5,000	5,000
33 Capital projects			
34 Intergovernmental - Wheatlands No. 1	179,379	-	-
Total expenditures	<u>2,243,645</u>	<u>1,967,749</u>	<u>2,301,018</u>
Total expenditures and transfers out requiring appropriation	<u>2,243,645</u>	<u>1,967,749</u>	<u>2,301,018</u>
ENDING FUND BALANCES	<u>\$ 4,970,954</u>	<u>\$ 3,978,296</u>	<u>\$ 2,792,978</u>
EMERGENCY RESERVE			
EMERGENCY RESERVE	\$ -	\$ 5,600	\$ 13,200
DEBT SERVICE SURPLUS FUND - SERIES 2005	1,130,527	1,684,404	1,692,800
DEBT SERVICE RESERVE FUND - SERIES 2008	1,224,500	1,224,500	994,400
DEBT SERVICE SURPLUS FUND - SERIES 2008	-	-	-
DEBT SERVICE CAP INTEREST - SERIES 2008	-	780,122	-
RESERVED FOR ARI AUTHORITY	-	-	59,832
TOTAL RESERVE	<u>\$ 2,355,027</u>	<u>\$ 3,694,626</u>	<u>\$ 2,760,232</u>

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

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

12/13/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
ASSESSED VALUATION - ARAPAHOE			
Residential	\$ 4,233,350	\$ 5,723,560	\$ 6,717,810
Vacant land	6,707,920	4,030,030	4,210,150
Personal Property	111,160	121,390	106,010
State Assessed	168,210	204,420	234,950
Certified Assessed Value	<u>\$ 11,220,640</u>	<u>\$ 10,079,400</u>	<u>\$ 11,268,920</u>
MILL LEVY			
GENERAL FUND	5.000	15.000	25.000
DEBT SERVICE FUND	50.000	50.000	50.000
AURORA REGIONAL MILL LEVY	1.000	1.000	1.000
Total Mill Levy	<u>56.000</u>	<u>66.000</u>	<u>76.000</u>
PROPERTY TAXES			
GENERAL FUND	\$ 56,103	\$ 151,191	\$ 281,723
DEBT SERVICE FUND	561,032	503,970	563,446
AURORA REGIONAL MILL LEVY	11,221	10,079	11,269
Levied property taxes	628,356	665,240	856,438
Adjustments to actual/rounding	(34,371)	35,284	-
Budgeted Property Taxes	<u>\$ 593,985</u>	<u>\$ 700,524</u>	<u>\$ 856,438</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 52,963	\$ 159,192	\$ 281,723
DEBT SERVICE FUND	529,635	530,640	563,446
AURORA REGIONAL MILL LEVY	11,387	10,692	11,269
	<u>\$ 593,985</u>	<u>\$ 700,524</u>	<u>\$ 856,438</u>

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

**WHEATLANDS METROPOLITAN DISTRICT NO. 2
GENERAL FUND**

**FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED**

For the Years Ended and Ending December 31,

12/13/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ -	\$ 244	\$ 8,035
REVENUES			
1 Property taxes	52,963	159,192	281,723
2 Specific ownership taxes @ 6%	3,969	9,842	16,900
3 Developer advance - operations	216,043	15,382	-
4 Investment income	71	1,195	-
5 Operations and working capital fees	-	-	141,000
Total revenues	<u>273,046</u>	<u>185,611</u>	<u>439,623</u>
Total funds available	<u>273,046</u>	<u>185,855</u>	<u>447,658</u>
EXPENDITURES			
General and administration			
6 Accounting	-	-	50,000
7 Audit	4,700	4,700	4,700
8 Billing and collection	-	-	12,700
9 Contingency	-	-	3,285
10 County Treasurer's fees	796	2,406	4,226
11 Insurance	-	-	11,000
12 Intergovernmental - Wheatlands No. 1	267,306	170,714	-
13 Landscape maintenance	-	-	92,000
14 Legal	-	-	35,000
15 Miscellaneous	-	-	1,000
16 Operations support	-	-	20,000
17 Utilities	-	-	29,000
18 Water usage	-	-	160,000
Total expenditures	<u>272,802</u>	<u>177,820</u>	<u>422,911</u>
Total expenditures and transfers out requiring appropriation	<u>272,802</u>	<u>177,820</u>	<u>422,911</u>
ENDING FUND BALANCES	<u>\$ 244</u>	<u>\$ 8,035</u>	<u>\$ 24,747</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ 5,600</u>	<u>\$ 13,200</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 5,600</u>	<u>\$ 13,200</u>

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

WHEATLANDS METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

12/13/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ 5,527,457	\$ 4,970,710	\$ 3,970,261
REVENUES			
1 Property taxes	529,635	530,640	563,446
2 Specific ownership taxes	39,691	32,823	36,180
3 System development fees	630,000	196,000	-
4 Developer advance	-	5,000	-
5 Net investment income	24,004	10,931	16,450
6 Other income	-	3,394	-
7 Aurora Regional taxes	11,387	10,692	-
Total revenues	<u>1,234,717</u>	<u>789,480</u>	<u>616,076</u>
Total funds available	<u>6,762,174</u>	<u>5,760,190</u>	<u>4,586,337</u>
EXPENDITURES			
Debt Service			
8 Bond interest Series 2005	756,272	756,273	756,273
9 Bond interest Series 2008	1,010,213	1,010,213	1,010,213
10 Bond principal Series 2005	-	-	98,000
11 County Treasurer's fee - Aurora Regional tax	156	160	-
12 County Treasurer's fees	7,955	8,019	8,452
13 Intergovernmental agreement - ARI	11,868	10,264	-
14 Paying agent fees	5,000	5,000	5,000
Total expenditures	<u>1,791,464</u>	<u>1,789,929</u>	<u>1,877,938</u>
Total expenditures and transfers out requiring appropriation	<u>1,791,464</u>	<u>1,789,929</u>	<u>1,877,938</u>
ENDING FUND BALANCES	<u>\$ 4,970,710</u>	<u>\$ 3,970,261</u>	<u>\$ 2,708,399</u>
DEBT SERVICE SURPLUS FUND - SERIES 2005	\$ 1,130,527	\$ 1,684,404	\$ 1,692,800
DEBT SERVICE RESERVE FUND - SERIES 2008	1,224,500	1,224,500	994,400
DEBT SERVICE SURPLUS FUND - SERIES 2008	-	-	-
DEBT SERVICE CAP INTEREST - SERIES 2008	-	780,122	-
TOTAL RESERVE	<u>\$ 2,355,027</u>	<u>\$ 3,689,026</u>	<u>\$ 2,687,200</u>

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

WHEATLANDS METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

12/13/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ (4,988)	\$ -	\$ -
REVENUES			
1 Developer advance	184,367	-	-
Total revenues	<u>184,367</u>	<u>-</u>	<u>-</u>
Total funds available	<u>179,379</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Capital projects			
2 Intergovernmental - Wheatlands No. 1	179,379	-	-
Total expenditures	<u>179,379</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>179,379</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**WHEATLANDS METROPOLITAN DISTRICT NO. 2
SPECIAL REVENUE FUND**

**FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED**

For the Years Ended and Ending December 31,

12/13/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Net investment income	-	-	120
2 Aurora Regional taxes	-	-	11,269
3 Intergovernmental agreement - ARI	-	-	48,612
Total revenues	<u>-</u>	<u>-</u>	<u>60,001</u>
Total funds available	<u>-</u>	<u>-</u>	<u>60,001</u>
EXPENDITURES			
Debt Service			
4 County Treasurer's fee - Aurora Regional tax	-	-	169
Total expenditures	<u>-</u>	<u>-</u>	<u>169</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>169</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,832</u>
RESERVED FOR ARI AUTHORITY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,832</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,832</u>

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

WHEATLANDS METROPOLITAN DISTRICT NO. 2
2011 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 plans on adopting a resolution approving the dissolution of District No. 1 in 2011; consequently, District No. 2 will act as both the "operating" and "financing" District. At the time of dissolution of District No. 1, all Board of Directors will resign, all service contracts will be assigned to District No. 2 and all assets will be transferred to District No. 2.

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.

WHEATLANDS METROPOLITAN DISTRICT NO. 2
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenue

Property Taxes

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 6.5% 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.

Developer Advances

The District is in the development stage. As such, a portion of the operating, administrative and infrastructure expenditures for 2011 are to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other available revenue.

Facilities Fee

The District imposes a one-time Facilities Fee of \$2,000 upon property within the Districts' boundaries. The amount of the Facilities Fee shall be automatically increased by 1% on January 1 of each year commencing in 2007, to the extent not paid to such date. The Facilities Fee is pledged revenue and restricted for payment of the 2005 General Obligation Bonds.

**WHEATLANDS METROPOLITAN DISTRICT NO. 2
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue – (Continued)

The District and the Developer have entered into a Guaranty Agreement, dated September 29, 2005 to which the Developer has guaranteed the amount the District expects to collect in Facilities Fees. As of December 31, 2010, the District has received all Facilities Fees in the form of Developer prepayments. As the home builders begin construction, they will now pay the Fees directly to the Developer. The District will not receive any Facilities Fees in 2011.

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 \$50 per residential unit and \$25 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.

Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of 0.5%.

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.

Debt Service

Debt service payments for the general obligation bonds are listed on page 14 of the budget. Principal and interest are consistent with payments anticipated in the debt service requirements in the bond documents. A portion of the district's outstanding debt is general obligation bonds issued in 2008 which have a capitalized interest period expected to pay debt service for 3 years.

ARI funds from District No. 2

During 2011, revenues collected under the ARI mill levy by District No.2 will be held in a segregated account for the benefit of the Aurora Regional Improvement Authority No. 2 until such time as the funds are requested from the District.

**WHEATLANDS METROPOLITAN DISTRICT NO. 2
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures – (Continued)

Capital Outlay

The District anticipates no capital expenditures during 2011.

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 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
- 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

WHEATLANDS METROPOLITAN DISTRICT NO. 2
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases – (Continued)

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, established as additional security for the 2008 Bonds.

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 anticipates drawing on the Surplus Fund in 2011 in order to meet the debt service requirements of the 2005 Bonds.

The District currently has no outstanding capital or operating leases.

**WHEATLANDS METROPOLITAN DISTRICT NO. 2
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2011, as defined under TABOR.

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

**WHEATLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31, Year	\$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		\$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		Total
	Principal	Interest	Principal	Interest	
2011	\$ 98,000	\$ 756,273	\$ -	\$ 1,010,213	\$ 1,864,486
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>\$ 12,439,000</u>	<u>\$ 12,890,513</u>	<u>\$ 12,245,000</u>	<u>\$ 19,529,813</u>	<u>\$ 57,104,326</u>

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