



**CliftonLarsonAllen**

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**Accountant's Report**

Board of Directors  
Meridian Village Metropolitan District No. 2  
Douglas County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Meridian Village Metropolitan District No. 2 for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, 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 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 Meridian Village Metropolitan District No. 2.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 5, 2018

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2**  
**SUMMARY**  
**2018 BUDGET AS ADOPTED**  
**WITH 2016 ACTUAL AND 2017 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/5/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 14,618	\$ 41,649	\$ -
<b>REVENUES</b>			
1 Property taxes	2,453,256	3,063,403	4,161,721
2 Specific ownership taxes	225,703	315,658	457,789
3 Net investment income	810	7,700	9,000
4 Other income	-	-	15,000
Total revenues	2,679,769	3,386,761	4,643,510
Total funds available	2,694,387	3,428,410	4,643,510
<b>EXPENDITURES</b>			
5 General and administration			
6 Board support	-	2,000	2,000
7 Contingency	-	-	5,000
8 County Treasurer's fees	6,136	7,659	10,404
9 Payroll tax	-	153	153
10 Transfer to Meridian Village No. 1	436,150	562,048	760,338
11 Debt Service			
12 Contingency	-	-	10,000
13 County Treasurer's fees	30,674	38,293	52,022
14 Transfer to Meridian Village No. 1	2,179,778	2,818,257	3,803,593
Total expenditures	2,652,738	3,428,410	4,643,510
Total expenditures and transfers out requiring appropriation	2,652,738	3,428,410	4,643,510
ENDING FUND BALANCES	\$ 41,649	\$ -	\$ -

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

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

1/5/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
<b>ASSESSED VALUATION - DOUGLAS</b>			
Residential	\$ 30,549,370	\$ 41,600,700	\$ 52,826,320
Agricultural	7,810	2,790	950
Vacant Land	9,792,750	8,807,430	9,235,750
Personal Property	73,110	158,990	94,750
State Assessed	484,200	486,800	583,000
Certified Assessed Value	<u>\$ 40,907,240</u>	<u>\$ 51,056,710</u>	<u>\$ 62,740,770</u>
<b>MILL LEVY</b>			
GENERAL FUND	10.000	10.000	11.055
DEBT SERVICE FUND	50.000	50.000	55.277
Total Mill Levy	<u>60.000</u>	<u>60.000</u>	<u>66.332</u>
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ 409,072	\$ 510,567	\$ 693,599
DEBT SERVICE FUND	2,045,362	2,552,836	3,468,122
Levied property taxes	2,454,434	3,063,403	4,161,721
Adjustments to actual/rounding	(1,178)	-	-
Budgeted Property Taxes	<u>\$ 2,453,256</u>	<u>\$ 3,063,403</u>	<u>\$ 4,161,721</u>
<b>BUDGETED PROPERTY TAXES</b>			
GENERAL FUND	\$ 408,958	\$ 510,567	\$ 693,599
DEBT SERVICE FUND	2,044,298	2,552,836	3,468,122
	<u>\$ 2,453,256</u>	<u>\$ 3,063,403</u>	<u>\$ 4,161,721</u>

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

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**2018 BUDGET AS ADOPTED**  
**WITH 2016 ACTUAL AND 2017 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/5/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 2,512	\$ 6,973	\$ -
<b>REVENUES</b>			
1 Property taxes	408,958	510,567	693,599
2 Specific ownership taxes	37,625	52,620	76,296
3 Net investment income	164	1,700	3,000
4 Other income	-	-	5,000
Total revenues	446,747	564,887	777,895
Total funds available	449,259	571,860	777,895
<b>EXPENDITURES</b>			
General and administration			
5 Board support	-	2,000	2,000
6 Contingency	-	-	5,000
7 County Treasurer's fees	6,136	7,659	10,404
8 Payroll tax	-	153	153
9 Transfer to Meridian Village No. 1	436,150	562,048	760,338
Total expenditures	442,286	571,860	777,895
Total expenditures and transfers out requiring appropriation	442,286	571,860	777,895
ENDING FUND BALANCES	\$ 6,973	\$ -	\$ -

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

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**2018 BUDGET AS ADOPTED**  
**WITH 2016 ACTUAL AND 2017 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/5/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 12,106	\$ 34,676	\$ -
<b>REVENUES</b>			
1 Property taxes	2,044,298	2,552,836	3,468,122
2 Specific ownership taxes	188,078	263,038	381,493
3 Net investment income	646	6,000	6,000
4 Other income	-	-	10,000
Total revenues	2,233,022	2,821,874	3,865,615
Total funds available	2,245,128	2,856,550	3,865,615
<b>EXPENDITURES</b>			
Debt Service			
5 Contingency	-	-	10,000
6 County Treasurer's fees	30,674	38,293	52,022
7 Transfer to Meridian Village No. 1	2,179,778	2,818,257	3,803,593
Total expenditures	2,210,452	2,856,550	3,865,615
Total expenditures and transfers out requiring appropriation	2,210,452	2,856,550	3,865,615
ENDING FUND BALANCES	\$ 34,676	\$ -	\$ -

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

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2**  
**2018 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Meridian Village Metropolitan District No. 2 is a quasi-municipal corporation and political subdivision of the State of Colorado organized by order of the Douglas County Court on November 20, 2004. The District's service area is located in Douglas County, Colorado. The District was organized to provide storm sewer improvements, street improvements, park and recreational facilities and safety protection services.

The District was formed in conjunction with Meridian Village Metropolitan District Nos. 1, 3 and 4. District No. 1 will serve as the "Service District" with the responsibility of managing the construction and operation of facilities and improvements needed for the public improvements. District Nos. 2, 3 and 4 will serve as the "Financing Districts" with the responsibility of providing the funding and tax base needed to support the capital improvements and operations.

The District has no employees and contracts for all of its management and professional services.

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.

**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.

The method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.20% from 7.96% for property tax years 2017-2018 on April 17, 2017 with a report submitted to the State Board of Equalization. Accordingly, the mill levy has been adjusted upward to reflect the change assessed value calculation.

The calculation of the taxes levied is displayed on the Property Tax Summary Information page of the budget using the adopted mill levy imposed by the District.

**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 by the District.

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.0%.

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2  
2018 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures**

**Administrative and Operating**

The District has entered into an Intergovernmental Financing Agreement with Meridian Village Metropolitan District No.1 where District No.1 will operate and maintain the District in exchange for the Districts net legally available revenue.

**Debt Service**

The District has entered into an Intergovernmental Financing Agreement with Meridian Village Metropolitan District No.1 where District No.1 will finance the Districts improvements in exchange for the Districts net legally available revenue.

**Debt and Leases**

The District has no debt and no operating or capital leases.

**Reserves**

**Emergency Reserves**

District No. 1 has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for District Nos. 2, 3, and 4 for 2018, as defined under TABOR.

**Additional Information**

Per the Service Plan: The debt service mill levy is capped at 50 mills until the District's assessed valuation reaches a value equal to twice the aggregate amount of outstanding debt, in which case there is no mill levy cap. The operations mill levy is capped at 10 mills. Both mill levies are adjusted for Gallagher, so if the valuation calculation for residential property decreases from its current level of 7.96% of actual value the mill levy may be increased accordingly. The Meridian Village Districts are authorized to issue up to \$34,500,000 in general obligation debt.

Per Meridian Villages Funding Agreement: Meridian Village No. 1 issued revenue bonds and Meridian Village No. 2 has agreed to tax itself to the maximum rate of 40 mills, adjusted for Gallagher but never to exceed a hard cap of 50 mills, and pay the money over to No. 1 for debt service. In a separate O&M Funding Agreement, No. 2 agrees to tax itself up to 10 mills, adjusted for Gallagher but never to exceed 50 mills. In addition, if No. 2 has to levy more than 40 mills for payment of No. 1's debt service, District No. 2's contractual obligation to go higher than 10 is reduced proportionately. Subject to the service plan mill levy caps described above, the two Districts may decide that the District No. 2 aggregate mill levy will exceed 50 mills. District No. 2 is just not required to exceed 50 mills.

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