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## Accountant's Compilation Report

Board of Directors  
Meridian Village Metropolitan District No. 1

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Meridian Village Metropolitan District No. 1 for the year ending December 31, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ending December 31, 2017, 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 Meridian Village Metropolitan District No. 1.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 16, 2019

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1  
SUMMARY  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/16/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ 3,890,541	\$ 5,161,184	\$ 1,707,004
REVENUES			
Property taxes	30	35	241,201
Specific ownership tax	5	4	24,120
Interest income	10,824	43,462	56,000
System development fees	1,490,000	310,000	-
Transfers from Meridian Village No. 2	3,389,703	4,564,064	4,013,129
Building permit review fees	-	13,000	10,000
Total revenues	<u>4,890,562</u>	<u>4,930,565</u>	<u>4,344,450</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>270,000</u>	<u>309,000</u>
Total funds available	<u>8,781,103</u>	<u>10,361,749</u>	<u>6,360,454</u>
EXPENDITURES			
General Fund	421,782	431,435	529,006
DCC Fund	-	11,666	12,016
Debt Service Fund	3,198,137	7,741,644	2,986,911
Capital Projects Fund	-	200,000	295,020
Total expenditures	<u>3,619,919</u>	<u>8,384,745</u>	<u>3,822,953</u>
TRANSFERS OUT			
Transfers to other funds	<u>-</u>	<u>270,000</u>	<u>309,000</u>
Total expenditures and transfers out requiring appropriation	<u>3,619,919</u>	<u>8,654,745</u>	<u>4,131,953</u>
ENDING FUND BALANCES	<u>\$ 5,161,184</u>	<u>\$ 1,707,004</u>	<u>\$ 2,228,501</u>
EMERGENCY RESERVE	\$ 16,900	\$ 23,000	\$ 26,000
DEBT SERVICE RESERVE - 2007A	3,248,051	600,000	600,000
TOTAL RESERVE	<u>\$ 3,264,951</u>	<u>\$ 623,000</u>	<u>\$ 626,000</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. 1  
PROPERTY TAX SUMMARY INFORMATION  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/16/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
<b>ASSESSED VALUATION - Douglas (4445)</b>			
Residential	\$ -	\$ -	\$ 4,147,200
Commercial	-	-	155,160
Agricultural	310	330	-
State assessed	-	-	400
Vacant land	190	190	190
	<u>500</u>	<u>520</u>	<u>4,302,950</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 500</u>	<u>\$ 520</u>	<u>\$ 4,302,950</u>
<b>MILL LEVY</b>			
General	10.000	11.055	11.055
Debt Service	50.000	55.277	45.000
Total mill levy	<u>60.000</u>	<u>66.332</u>	<u>56.055</u>
<b>PROPERTY TAXES</b>			
General	\$ 5	\$ 6	\$ 47,569
Debt Service	25	29	193,632
Levied property taxes	<u>30</u>	<u>35</u>	<u>241,201</u>
Refunds and abatements	-	-	-
Budgeted property taxes	<u>\$ 30</u>	<u>\$ 35</u>	<u>\$ 241,201</u>
<b>ASSESSED VALUATION - Douglas (4602)</b>			
Vacant land	-	-	330
Certified Assessed Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330</u>
<b>MILL LEVY</b>			
Debt Service	0.000	0.000	0.000
Total mill levy	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
<b>PROPERTY TAXES</b>			
Debt Service	\$ -	\$ -	\$ -
Budgeted property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	\$ 5	\$ 6	\$ 47,569
Debt Service	25	29	193,632
	<u>\$ 30</u>	<u>\$ 35</u>	<u>\$ 241,201</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. 1  
GENERAL FUND  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/16/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 185,764	\$ 329,295	\$ 397,036
<b>REVENUES</b>			
Property taxes	5	6	47,569
Specific ownership tax	1	1	4,757
Interest income	1,567	3,800	5,500
Transfers from Meridian Village No. 2	563,740	765,369	803,434
Total revenues	565,313	769,176	861,260
Total funds available	751,077	1,098,471	1,258,296
<b>EXPENDITURES</b>			
General and administrative			
Accounting	29,425	38,000	38,000
Audit	9,600	10,075	11,000
Board support	5,800	7,500	8,000
County Treasurer's fee	-	1	714
Dues and licenses	620	665	750
Insurance	5,856	6,503	7,000
Legal services	20,408	35,000	30,000
Miscellaneous	263	300	500
Payroll taxes	444	612	612
Election expense	-	19,481	-
Contingency	1,325	-	5,000
Operations and maintenance			
Park improvements	33,173	-	-
Operational support	284,868	-	-
Support management	30,000	31,000	31,930
Contract services	-	71,158	115,500
Labor	-	185,000	232,000
Materials	-	26,140	48,000
Total expenditures	421,782	431,435	529,006
<b>TRANSFERS OUT</b>			
Transfers to other funds	-	270,000	309,000
Total expenditures and transfers out requiring appropriation	421,782	701,435	838,006
ENDING FUND BALANCE	\$ 329,295	\$ 397,036	\$ 420,290
EMERGENCY RESERVE	\$ 16,900	\$ 23,000	\$ 26,000
TOTAL RESERVE	\$ 16,900	\$ 23,000	\$ 26,000

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. 1**  
**DCC Fund**  
**2019 BUDGET**  
**WITH 2017 ACTUAL AND 2018 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/16/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 1,334
REVENUES			
Building permit review fees	-	13,000	10,000
Total revenues	<u>-</u>	<u>13,000</u>	<u>10,000</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>9,000</u>
Total funds available	<u>-</u>	<u>13,000</u>	<u>20,334</u>
EXPENDITURES			
Operations and maintenance			
Support management	-	11,666	12,016
Total expenditures	<u>-</u>	<u>11,666</u>	<u>12,016</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>11,666</u>	<u>12,016</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,334</u>	<u>\$ 8,318</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. 1**  
**DEBT SERVICE FUND**  
**2019 BUDGET**  
**WITH 2017 ACTUAL AND 2018 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/16/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 3,704,777	\$ 4,831,889	\$ 1,238,634
<b>REVENUES</b>			
Property taxes	25	29	193,632
Specific ownership tax	4	3	19,363
Interest income	9,257	39,662	50,000
System development fees	1,490,000	310,000	-
Transfers from Meridian Village No. 2	2,825,963	3,798,695	3,209,695
Total revenues	4,325,249	4,148,389	3,472,690
Total funds available	8,030,026	8,980,278	4,711,324
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fee	-	1	2,905
Paying agent fees	3,300	3,500	3,500
Contingency	-	7,000	7,000
Debt Service			
Bond interest	3,194,837	3,003,229	2,473,506
Bond principal	-	-	500,000
Swap buy down	-	4,457,914	-
Bond issue costs	-	270,000	-
Total expenditures	3,198,137	7,741,644	2,986,911
Total expenditures and transfers out requiring appropriation	3,198,137	7,741,644	2,986,911
ENDING FUND BALANCE	\$ 4,831,889	\$ 1,238,634	\$ 1,724,413
DEBT SERVICE RESERVE - 2007A	\$ 3,248,051	\$ 600,000	\$ 600,000
TOTAL RESERVE	\$ 3,248,051	\$ 600,000	\$ 600,000

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. 1  
CAPITAL PROJECTS FUND  
2019 BUDGET  
WITH 2017 ACTUAL AND 2018 ESTIMATED  
For the Years Ended and Ending December 31,**

1/16/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 70,000
REVENUES			
Interest income	-	-	500
Total revenues	-	-	500
TRANSFERS IN			
Transfers from other funds	-	270,000	300,000
Total funds available	-	270,000	370,500
EXPENDITURES			
Capital Projects			
Park improvements	-	200,000	265,000
Trail expansion	-	-	10
Signage	-	-	10
Reservoir Park	-	-	30,000
Total expenditures	-	200,000	295,020
Total expenditures and transfers out requiring appropriation	-	200,000	295,020
ENDING FUND BALANCE	\$ -	\$ 70,000	\$ 75,480

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. 1  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Meridian Village Metropolitan District No. 1 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 wastewater and water improvements, street and traffic safety improvements and park and recreational facilities.

The District was formed in conjunction with Meridian Village Metropolitan District Nos. 2, 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 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 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 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 10% of the property taxes collected by the District.



**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

**Intergovernmental Revenue**

The intergovernmental revenues are transfers from Meridian Village Metropolitan District No. 2 to provide funding for the overall administration, operating and debt costs of said districts.

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

**DCC Fees**

Fees that the District expects to receive for the review of architectural and design plans are displayed on the DCC Fund information page of the budget

**Expenditures**

**Administrative and Operating**

Operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, meeting expense and other administrative expenses.

**Debt Service**

Principal and interest payments in 2019 are provided based on the debt amortization schedule from the Series 2007A as detailed on pages 5 and 10 of the Budget (discussed under Debt and Leases).

**Debt and Leases**

\$35,185,000 Refunding and Improvement Revenue Bonds, Series 2007A, dated November 14, 2007, with an interest rate subject to adjustment each Thursday and shall be equal to the SIFMA Index determined by the Trustee. Simultaneously, the District has entered into an Exchange Agreement with Royal Bank of Canada to fix the interest rate on the bonds at 5.73%. The bonds are subject to mandatory redemption beginning on December 1, 2017. In addition, the bonds are subject to optional redemption on any interest payment date on or after November 14, 2009, at a redemption price equal to 100% of the principal amount and unpaid interest to such redemption date.

A portion of the proceeds from the Series 2007A bonds have been used for operating expenses.

The District restructured the \$35,185,000 Refunding and Improvement Revenue Bonds, Series 2007A, dated November 14, 2007, on November 19, 2013, with an interest rate of 10.12%. The bonds are subject to mandatory redemption beginning on December 1, 2020.

On September 18, 2015, pursuant to the swap Novation Agreement, Royal Bank of Canada transferred the \$35,185,000 par amount of Series 2007A Bonds to U.S. Bank.

The District has no operating or capital leases.

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1  
2019 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Reserves**

**Emergency Reserve**

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2019, as defined under TABOR.

**Debt Service Reserves**

The District maintains a Debt Service Reserve as required with the issuance of Series 2007A Bonds.

**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 will be adjusted 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 issues 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 revenue 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.**

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1  
SCHEDULE OF DEBT SERVICE  
REQUIREMENTS TO MATURITY**

**\$35,185,000 Refunding & Improvement Revenue Bonds  
Series 2007A**

Original Date November 14, 2007

Original Fixed Swap Rate 9.52%

Restructure Date November 19, 2013

Restructured Fixed Swap Rate 9.082%

Restructure Date September 4, 2018

Restructured Fixed Swap Rate 7.03%

Principal Payable December 1

<u>Year Ended December 31,</u>	<u>Interest Payable Monthly, Beginning December 3, 2007</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 500,000	\$ 2,473,506	\$ 2,973,506
2020	530,000	2,438,356	2,968,356
2021	560,000	2,401,097	2,961,097
2022	585,000	2,361,729	2,946,729
2023	610,000	2,320,603	2,930,603
2024	645,000	2,277,720	2,922,720
2025	680,000	2,232,377	2,912,377
2026	710,000	2,184,573	2,894,573
2027	745,000	2,134,660	2,879,660
2028	790,000	2,082,286	2,872,286
2029	840,000	2,026,749	2,866,749
2030	890,000	1,967,697	2,857,697
2031	970,000	1,905,130	2,875,130
2032	1,025,000	1,836,939	2,861,939
2033	1,075,000	1,764,882	2,839,882
2034	1,135,000	1,689,309	2,824,309
2035	1,200,000	1,609,519	2,809,519
2036	1,265,000	1,525,159	2,790,159
2037	1,325,000	1,436,229	2,761,229
2038	1,400,000	1,343,082	2,743,082
2039	1,475,000	1,244,662	2,719,662
2040	1,550,000	1,140,969	2,690,969
2041	1,650,000	1,032,004	2,682,004
2042	1,730,000	916,009	2,646,009
2043	1,825,000	794,390	2,619,390
2044	1,925,000	666,093	2,591,093
2045	2,025,000	530,765	2,555,765
2046	2,425,000	388,408	2,813,408
2047	3,100,000	217,930	3,317,930
	<u>\$ 35,185,000</u>	<u>\$ 46,942,832</u>	<u>\$ 82,127,832</u>