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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, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ending 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 Meridian Village Metropolitan District No. 1.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 8, 2020

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1  
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	\$ 5,161,184	\$ 2,143,659	\$ 2,459,886
REVENUES			
Property taxes	35	241,202	10
Specific ownership tax	4	21,582	1
Interest income	53,930	43,440	44,696
Reimbursed Expenditures	63,784	1,192	-
System development fees	470,000	-	-
Intergovernmental Revenues	4,544,605	3,983,922	4,279,150
Building permit review fees	11,900	13,500	15,000
Total revenues	5,144,258	4,304,838	4,338,857
TRANSFERS IN			
Transfers from other funds	270,000	309,000	250,000
Total funds available	10,575,442	6,757,497	7,048,743
EXPENDITURES			
General Fund	443,638	484,934	678,619
DCC Fund	10,000	12,016	12,617
Debt Service Fund	7,695,719	3,166,665	4,500,000
Capital Projects Fund	12,426	325,000	400,000
Total expenditures	8,161,783	3,988,615	5,591,236
TRANSFERS OUT			
Transfers to other funds	270,000	309,000	250,000
Total expenditures and transfers out requiring appropriation	8,431,783	4,297,615	5,841,236
ENDING FUND BALANCES	\$ 2,143,659	\$ 2,459,882	\$ 1,207,507
EMERGENCY RESERVE	\$ 25,300	\$ 26,000	\$ 28,000
DEBT SERVICE RESERVE - 2007A	600,000	600,000	600,000
TOTAL RESERVE	\$ 625,300	\$ 626,000	\$ 628,000

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**  
**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
<b>ASSESSED VALUATION - Douglas (4445)</b>			
Residential	\$ -	\$ 4,147,200	\$ -
Commercial	-	155,160	-
Agricultural	330	-	-
State assessed	-	400	-
Vacant land	190	190	190
Certified Assessed Value	<u>\$ 520</u>	<u>\$ 4,302,950</u>	<u>\$ 190</u>
<b>MILL LEVY</b>			
General	11.055	11.055	11.055
Debt Service	55.277	45.000	41.000
Total mill levy	<u>66.332</u>	<u>56.055</u>	<u>52.055</u>
<b>PROPERTY TAXES</b>			
General	\$ 6	\$ 47,569	\$ 2
Debt Service	30	193,633	8
Budgeted property taxes	<u>\$ 36</u>	<u>\$ 241,202</u>	<u>\$ 10</u>
<b>ASSESSED VALUATION - Douglas (4602)</b>			
Vacant land	\$ -	\$ 330	\$ 792,830
Certified Assessed Value	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ 792,830</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	\$ 6	\$ 47,569	\$ 2
Debt Service	30	193,633	8
Budgeted property taxes	<u>\$ 36</u>	<u>\$ 241,202</u>	<u>\$ 10</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  
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 BALANCE	\$ 329,295	\$ 446,968	\$ 504,168
<b>REVENUES</b>			
Property taxes	6	47,569	2
Specific ownership tax	1	3,754	-
Interest income	4,247	13,440	9,696
Reimbursed expenditures	63,784	1,192	-
Intergovernmental revenues	763,273	785,179	913,092
Total revenues	<u>831,311</u>	<u>851,134</u>	<u>922,790</u>
Total funds available	<u>1,160,606</u>	<u>1,298,102</u>	<u>1,426,958</u>
<b>EXPENDITURES</b>			
General and administrative			
Accounting	39,269	42,000	42,000
Audit	10,075	10,500	11,000
Board support	5,300	5,200	8,000
County Treasurer's fee	-	714	-
Communications	-	-	25,000
Dues and licenses	665	934	980
Insurance	6,503	6,551	7,000
Legal services	29,776	30,000	30,000
Miscellaneous	2,201	260	500
Tax reimbursement	-	45,847	-
Payroll taxes	383	398	612
Election expense	23,547	-	25,000
Contingency	-	-	10,000
Operations and maintenance			
Support management	31,225	31,930	33,527
Labor	195,115	193,000	257,000
Contract services	76,483	94,500	107,000
Materials	23,096	23,100	51,000
Water Purchases	-	-	70,000
Total expenditures	<u>443,638</u>	<u>484,934</u>	<u>678,619</u>
<b>TRANSFERS OUT</b>			
Transfers to other fund	<u>270,000</u>	<u>309,000</u>	<u>250,000</u>
Total expenditures and transfers out requiring appropriation	<u>713,638</u>	<u>793,934</u>	<u>928,619</u>
ENDING FUND BALANCE	<u>\$ 446,968</u>	<u>\$ 504,168</u>	<u>\$ 498,339</u>
EMERGENCY RESERVE	<u>\$ 25,300</u>	<u>\$ 26,000</u>	<u>\$ 28,000</u>
TOTAL RESERVE	<u>\$ 25,300</u>	<u>\$ 26,000</u>	<u>\$ 28,000</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**  
**GENERAL FUND EXPENDITURE DETAILS**  
**2020 BUDGET**  
**WITH 2018 ACTUAL AND 2019 ESTIMATED**  
**For the Years Ended and Ending December 31,**

10/1/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
<b>Contract services</b>			
Tree - plant or replace	\$ 12,804	\$ 10,000	\$ 12,000
Flowers / shrubs	-	5,000	10,000
Tree/weed spraying	1,861	3,500	5,000
Tree pruning	12,700	10,000	10,000
Miscellaneous landscaping	49,118	55,000	50,000
Irrigation	-	7,000	10,000
Stormwater maintenance	-	4,000	10,000
Total Contract services	\$ 76,483	\$ 94,500	\$ 107,000
<b>Materials</b>			
Safety and security	\$ -	\$ 100	\$ -
Chemicals	3,390	3,000	5,000
Seed and sod	1,683	2,000	4,000
Flower replacements	3,002	5,000	6,000
Mulch and topsoil	5,026	3,000	15,000
Trees	2,140	2,000	5,000
Snow chemicals	15	2,000	2,000
Water, sewer and irrigation	5,513	4,000	7,000
Miscellaneous	2,327	2,000	7,000
Total Materials	\$ 23,096	\$ 23,100	\$ 51,000

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**  
**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 BALANCE	\$ -	\$ 1,900	\$ 12,384
REVENUES			
Building permit review fees	11,900	13,500	15,000
Total revenues	<u>11,900</u>	<u>13,500</u>	<u>15,000</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>9,000</u>	<u>-</u>
Total funds available	<u>11,900</u>	<u>24,400</u>	<u>27,384</u>
EXPENDITURES			
Operations and maintenance			
Support management	10,000	12,016	12,617
Total expenditures	<u>10,000</u>	<u>12,016</u>	<u>12,617</u>
Total expenditures and transfers out requiring appropriation	<u>10,000</u>	<u>12,016</u>	<u>12,617</u>
ENDING FUND BALANCE	<u>\$ 1,900</u>	<u>\$ 12,384</u>	<u>\$ 14,767</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**  
**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 BALANCE	\$ 4,831,889	\$ 1,437,217	\$ 1,710,760
<b>REVENUES</b>			
206320 Property taxes	29	193,633	8
206340 Specific ownership tax	3	17,828	1
206360 Interest income	49,683	30,000	35,000
206300 System development fees	470,000	-	-
206501 Intergovernmental revenues	3,781,332	3,198,743	3,366,058
Total revenues	<u>4,301,047</u>	<u>3,440,204</u>	<u>3,401,067</u>
Total funds available	<u>9,132,936</u>	<u>4,877,421</u>	<u>5,111,827</u>
<b>EXPENDITURES</b>			
General and administrative			
207200 County Treasurer's fee	-	2,905	-
207591 Paying agent fees	3,300	3,630	4,000
207570 Tax reimbursement	-	186,624	-
207890 Contingency	-	-	27,644
Debt Service			
207825 Bond interest	3,028,567	2,473,506	2,438,356
207830 Bond principal	-	500,000	530,000
207834 Swap buy down	4,457,914	-	1,500,000
207835 Bond issue costs	205,938	-	-
Total expenditures	<u>7,695,719</u>	<u>3,166,665</u>	<u>4,500,000</u>
Total expenditures and transfers out requiring appropriation	<u>7,695,719</u>	<u>3,166,665</u>	<u>4,500,000</u>
ENDING FUND BALANCE	<u>\$ 1,437,217</u>	<u>\$ 1,710,756</u>	<u>\$ 611,827</u>
DEBT SERVICE RESERVE - 2007A	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>
TOTAL RESERVE	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 600,000</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  
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 BALANCE	\$ -	\$ 257,574	\$ 232,574
REVENUES			
Interest income	-	-	-
Total revenues	-	-	-
TRANSFERS IN			
Transfers from other funds	270,000	300,000	250,000
Total funds available	270,000	557,574	482,574
EXPENDITURES			
Capital Projects			
Park improvements	12,426	295,000	135,000
Sidewalk at lift station	-	-	15,000
Drainage ditch improvements	-	-	50,000
Trail expansion	-	-	-
Signage	-	-	-
Reservoir park	-	30,000	200,000
Total expenditures	12,426	325,000	400,000
Total expenditures and transfers out requiring appropriation	12,426	325,000	400,000
ENDING FUND BALANCE	\$ 257,574	\$ 232,574	\$ 82,574

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  
2020 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 7.15% from 7.20% for property tax years 2019-2020 on April 10, 2019 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 9% of the property taxes collected by the District.

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1  
2020 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 historical interest earnings.

**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 2020 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.

On September 4, 2018, the District restructured the Series 2007A Bonds. The restructure reduces the effective interest rate from 9.082% to 7.03% (effective September 4, 2018).

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 1  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (continued)**

The District has no operating or capital leases.

**Reserves**

**Emergency Reserve**

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2020, 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. However, both mill levies are subject to adjustments for Gallagher, so if the valuation calculation for residential property decreases from its current level of 7.20% of actual value the mill levy will be adjusted accordingly.

Per Meridian Villages Funding Agreement: Meridian Village No. 1 issues revenue bonds and Meridian Village No. 2 has agreed to levy taxes 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 District No. 1 for debt service. In a separate O&M Funding Agreement, District No. 2 agrees to levy taxes up to 10 mills, adjusted for Gallagher but never to exceed 50 mills. In addition, if District No. 2 has to levy more than 40 mills for payment of District 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.

The May 4, 2004 election authorized the District to issue up to \$400,000,000 in general obligation debt for public infrastructure and \$1,200,000 for debt refunding.

**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**

**Interest Payable Monthly, Beginning December 3, 2007**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 34,685,000</u>	<u>\$ 44,469,326</u>	<u>\$ 79,154,326</u>

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