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Accountant's Compilation Report

Board of Directors
Meridian Village Metropolitan District No. 2

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, 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. 2.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 3, 2020

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 10,940	\$ -	\$ -
REVENUES			
Property taxes	4,147,941	3,682,116	3,957,724
Specific ownership tax	440,016	338,992	356,195
Interest income	9,340	20,200	26,750
Other revenue	-	-	15,000
Total revenues	<u>4,597,297</u>	<u>4,041,308</u>	<u>4,355,669</u>
Total funds available	<u>4,608,237</u>	<u>4,041,308</u>	<u>4,355,669</u>
EXPENDITURES			
General Fund	770,802	798,226	932,922
Debt Service Fund	3,837,435	3,243,082	3,422,747
Total expenditures	<u>4,608,237</u>	<u>4,041,308</u>	<u>4,355,669</u>
Total expenditures and transfers out requiring appropriation	<u>4,608,237</u>	<u>4,041,308</u>	<u>4,355,669</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.

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

1/3/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Residential	\$ 52,826,320	\$ 58,653,570	\$ 70,584,400
Agricultural	950	990	1,170
State assessed	583,000	976,500	374,700
Vacant land	9,235,750	5,954,820	4,875,010
Personal property	94,750	101,600	82,000
Other	-	80	80
	<u>62,740,770</u>	<u>65,687,560</u>	<u>75,917,360</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 62,740,770</u>	<u>\$ 65,687,560</u>	<u>\$ 75,917,360</u>
MILL LEVY			
General	11.055	11.055	11.132
Debt Service	55.277	45.000	41.000
Total mill levy	<u>66.332</u>	<u>56.055</u>	<u>52.132</u>
PROPERTY TAXES			
General	\$ 693,599	\$ 726,176	\$ 845,112
Debt Service	3,468,122	2,955,940	3,112,612
Levied property taxes	<u>4,161,721</u>	<u>3,682,116</u>	<u>3,957,724</u>
Refunds and abatements/Adjustments	(13,780)	-	-
Budgeted property taxes	<u>\$ 4,147,941</u>	<u>\$ 3,682,116</u>	<u>\$ 3,957,724</u>
BUDGETED PROPERTY TAXES			
General	\$ 691,462	\$ 726,176	\$ 845,112
Debt Service	3,456,479	2,955,940	3,112,612
	<u>\$ 4,147,941</u>	<u>\$ 3,682,116</u>	<u>\$ 3,957,724</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
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/3/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 1,838	\$ -	\$ -
REVENUES			
Property taxes	691,462	726,176	845,112
Specific ownership tax	73,351	66,850	76,060
Interest income	4,151	5,200	6,750
Other revenue	-	-	5,000
Total revenues	768,964	798,226	932,922
Total funds available	770,802	798,226	932,922
EXPENDITURES			
General and administrative			
County Treasurer's fee	10,374	10,893	12,677
Payroll taxes	99	154	153
Contingency	-	-	5,000
Board support	1,300	2,000	2,000
Transfers to Meridian Village No. 1	759,029	785,179	913,092
Total expenditures	770,802	798,226	932,922
Total expenditures and transfers out requiring appropriation	770,802	798,226	932,922
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/3/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 9,102	\$ -	\$ -
REVENUES			
Property taxes	3,456,479	2,955,940	3,112,612
Specific ownership tax	366,665	272,142	280,135
Interest income	5,189	15,000	20,000
Other revenue	-	-	10,000
Total revenues	3,828,333	3,243,082	3,422,747
Total funds available	3,837,435	3,243,082	3,422,747
EXPENDITURES			
Debt Service			
County Treasurer's fee	51,859	44,339	46,689
Contingency	-	-	10,000
Transfers to Meridian Village No. 1	3,785,576	3,198,743	3,366,058
Total expenditures	3,837,435	3,243,082	3,422,747
Total expenditures and transfers out requiring appropriation	3,837,435	3,243,082	3,422,747
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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
2020 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 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 maximum 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 9% of the property taxes collected by the District.

Net Investment Income

Interest earned on the District's available funds has been estimated based on historical interest earning.

**MERIDIAN VILLAGE METROPOLITAN DISTRICT NO. 2
2020 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 2020, 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. 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 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.