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Board of Directors
Mesa Ridge Metropolitan District No. 1
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Mesa Ridge Metropolitan District No. 1 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 Mesa Ridge Metropolitan District No. 1.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
January 3, 2018



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MESA RIDGE METROPOLITAN DISTRICT NO. 1
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/3/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 30,910	\$ 8,923	\$ 1,755
REVENUES			
1 Developer advance	193,421	168,000	52,000
2 Net investment income	30	15	30
3 Other income	-	2,397	-
4 Intergovernmental revenue - District No. 2	38,093	39,817	42,669
Total revenues	<u>231,544</u>	<u>210,229</u>	<u>94,699</u>
TRANSFERS IN	<u>2,791</u>	<u>2,603</u>	<u>-</u>
Total funds available	<u>265,245</u>	<u>221,755</u>	<u>96,454</u>
EXPENDITURES			
5 Accounting	20,618	18,000	21,000
6 Audit	7,700	4,500	5,000
7 Contingency	-	1,984	1,300
8 District management	6,227	5,000	6,000
9 Dues and membership	-	646	700
10 Election	1,112	-	2,000
11 Insurance	5,428	5,267	6,000
12 Legal	3,783	5,500	7,000
13 Miscellaneous	1,126	500	1,000
14 Landscape maintenance	4,325	15,000	18,000
15 Utilities	11,325	1,000	7,000
16 Accounting	2,791	2,603	-
17 Capital outlay	-	-	20,000
18 Contingency	-	2,397	-
19 Park and recreation	3,682	-	-
20 Sewer	34,344	140,000	-
21 Streets	149,052	15,000	-
22 Water	2,018	-	-
Total expenditures	<u>253,531</u>	<u>217,397</u>	<u>95,000</u>
TRANSFERS OUT	<u>2,791</u>	<u>2,603</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>256,322</u>	<u>220,000</u>	<u>95,000</u>
ENDING FUND BALANCES	<u>\$ 8,923</u>	<u>\$ 1,755</u>	<u>\$ 1,454</u>
EMERGENCY RESERVE	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 1,300</u>
TOTAL RESERVE	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 1,300</u>

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

MESA RIDGE METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

1/3/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - EL PASO			
Agricultural	\$ 100	\$ 100	\$ 110
Certified Assessed Value	\$ 100	\$ 100	\$ 110
 MILL LEVY			
 PROPERTY TAXES			
Budgeted Property Taxes	\$ -	\$ -	\$ -
 BUDGETED PROPERTY TAXES			
	\$ -	\$ -	\$ -

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

MESA RIDGE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/3/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 30,910	\$ 8,923	\$ 1,755
REVENUES			
1 Developer advance	4,325	13,000	32,000
2 Net investment income	30	15	30
3 Intergovernmental revenue - District No. 2	38,093	39,817	42,669
Total revenues	42,448	52,832	74,699
Total funds available	73,358	61,755	76,454
EXPENDITURES			
General and administration			
4 Accounting	20,618	18,000	21,000
5 Audit	7,700	4,500	5,000
6 Contingency	-	1,984	1,300
7 District management	6,227	5,000	6,000
8 Dues and membership	-	646	700
9 Election	1,112	-	2,000
10 Insurance	5,428	5,267	6,000
11 Legal	3,783	5,500	7,000
12 Miscellaneous	1,126	500	1,000
Operations and maintenance			
13 Landscape maintenance	4,325	15,000	18,000
14 Utilities	11,325	1,000	7,000
Total expenditures	61,644	57,397	75,000
TRANSFERS OUT			
CAPITAL PROJECTS FUND	2,791	2,603	-
Total transfers out	2,791	2,603	-
Total expenditures and transfers out requiring appropriation	64,435	60,000	75,000
ENDING FUND BALANCES	\$ 8,923	\$ 1,755	\$ 1,454
EMERGENCY RESERVE	\$ 1,200	\$ 1,200	\$ 1,300
TOTAL RESERVE	\$ 1,200	\$ 1,200	\$ 1,300

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

MESA RIDGE METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/3/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	189,096	155,000	20,000
2 Other income	-	2,397	-
Total revenues	<u>189,096</u>	<u>157,397</u>	<u>20,000</u>
TRANSFERS IN			
GENERAL FUND	2,791	2,603	-
Total transfers in	<u>2,791</u>	<u>2,603</u>	<u>-</u>
Total funds available	<u>191,887</u>	<u>160,000</u>	<u>20,000</u>
EXPENDITURES			
Capital projects			
3 Accounting	2,791	2,603	-
4 Capital outlay	-	-	20,000
5 Contingency	-	2,397	-
6 Park and recreation	3,682	-	-
7 Sewer	34,344	140,000	-
8 Streets	149,052	15,000	-
9 Water	2,018	-	-
Total expenditures	<u>191,887</u>	<u>160,000</u>	<u>20,000</u>
Total expenditures and transfers out requiring appropriation	<u>191,887</u>	<u>160,000</u>	<u>20,000</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.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Mesa Ridge Metropolitan District No. 1 (the “District”) and Mesa Ridge Metropolitan District No. 2 (“District No. 2”) were formed under the Joint Service Plan approved by the City of Fountain, Colorado. The Districts’ service area is located entirely within the City of Fountain, El Paso County, Colorado. The District will be responsible for managing the design, construction, and operation of the public facilities and improvements and will be deemed to be the “Managing District.” District No. 2 is responsible for providing funding to support costs related to services and improvements utilizing the tax base, fees, and charges and will be deemed to be the “Financing District” in order to generate the necessary revenues. Under the Service Plan, the Districts provide the following services: water, wastewater, street improvements, safety protection, parks and recreation, mosquito control, television relay and translation, transportation, and drainage.

The District was organized by El Paso County Court Order on September 20, 2004.

At an election held on November 2, 2004, the voters approved general indebtedness of \$7,000,000 for street improvements, \$2,000,000 for water supply, \$2,000,000, sanitary sewer, \$1,000,000 for traffic and safety controls, \$3,000,000 for parks and recreation, \$1,000,000 for mosquito control, \$1,000,000 for television relay and translation, \$250,000 for public transportation, and \$20,000,000 for refinancing District debt. The voters also approved an annual increase in taxes of \$500,000 at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District’s operations, maintenance, and other expenses. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. Pursuant to the District’s combined service plan filed with the city, the maximum debt service mill levy the District can impose is 50.000 mills.

Pursuant to the Service Plan, the Districts are permitted to issue bond indebtedness of up to \$35,000,000.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

Intergovernmental Transfer

Per the Intergovernmental Agreement between the District and District No. 2, net revenues are transferred from District No. 2 to the District for the purpose of paying the operations and maintenance costs of both districts.

Interest

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

Park Fees

Pursuant to the Intergovernmental agreement with Cross Creek Metropolitan District, the District collects park fees of \$1,863.30 per lot sold. The park fees collected are to be used to fund the District’s portion of the Regional Park to be constructed by Cross Creek Metropolitan District. No park fees are budgeted for 2018.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Developer Advance

The District has entered into a Joint Financing and Reimbursement Agreement with the Developer. Advances under the agreement bear simple interest at the rate of 7% per annum. A portion of the District's 2018 operations and maintenance expenses are anticipated to be funded by developer advances. Developer advances are to be recorded as revenue for budget purposes and may be repaid to the Developer from unpledged revenue in future years.

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 legal, accounting, managerial, insurance, landscape maintenance, and other administrative expenses.

Debt and Leases

The District has no bond indebtedness or capital or operating leases. The District's debt consists of developer advances, which are not considered general obligation debt. Repayment of advances is subject to annual appropriation if and when eligible funds become available.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2018, as defined under TABOR.

This information is an integral part of the accompanying budget.