



CliftonLarsonAllen

CliftonLarsonAllen LLP
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Board of Directors
Mesa Ridge Metropolitan District No. 1

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

Colorado Springs, Colorado
December 4, 2018



An independent member of Nexia International

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

1/3/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|-----------------|-------------------|-----------------|
| BEGINNING FUND BALANCES | \$ 8,923 | \$ 9,868 | \$ 2,940 |
| REVENUES | | | |
| Interest income | 15 | 18 | 45 |
| Developer advance | 161,147 | 60,650 | 102,000 |
| Intergovernmental revenue from MRMD2 | 39,828 | 42,245 | 42,868 |
| Total revenues | <u>200,990</u> | <u>102,913</u> | <u>144,913</u> |
| TRANSFERS IN | <u>2,603</u> | <u>520</u> | <u>-</u> |
| Total funds available | <u>212,516</u> | <u>113,301</u> | <u>147,853</u> |
| EXPENDITURES | | | |
| General Fund | 43,686 | 58,671 | 63,500 |
| Capital Projects Fund | 156,359 | 51,170 | 80,000 |
| Total expenditures | <u>200,045</u> | <u>109,841</u> | <u>143,500</u> |
| TRANSFERS OUT | <u>2,603</u> | <u>520</u> | <u>-</u> |
| Total expenditures and transfers out requiring appropriation | <u>202,648</u> | <u>110,361</u> | <u>143,500</u> |
| ENDING FUND BALANCES | <u>\$ 9,868</u> | <u>\$ 2,940</u> | <u>\$ 4,353</u> |
| EMERGENCY RESERVE | \$ 1,200 | \$ 1,300 | \$ 1,300 |
| AVAILABLE FOR OPERATIONS | <u>8,668</u> | <u>1,640</u> | <u>3,053</u> |
| TOTAL RESERVE | <u>\$ 9,868</u> | <u>\$ 2,940</u> | <u>\$ 4,353</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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

| ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

ASSESSED VALUATION

| | | | |
|--------------------------|--------|--------|--------|
| Agricultural | 100 | 110 | 110 |
| Certified Assessed Value | \$ 100 | \$ 110 | \$ 110 |
| | \$ 100 | \$ 110 | \$ 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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ 8,923 | \$ 9,868 | \$ 2,940 |
| REVENUES | | | |
| Interest income | 15 | 18 | 45 |
| Developer advance | 7,391 | 10,000 | 22,000 |
| Intergovernmental revenue from MRMD2 | 39,828 | 42,245 | 42,868 |
| Total revenues | 47,234 | 52,263 | 64,913 |
| Total funds available | 56,157 | 62,131 | 67,853 |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 16,225 | 21,000 | 22,000 |
| Auditing | 4,500 | 5,000 | 5,500 |
| Dues and licenses | 646 | 616 | 700 |
| Insurance and bonds | 5,267 | 7,340 | 7,500 |
| District management | 5,494 | 6,000 | 6,600 |
| Legal services | 3,502 | 7,000 | 7,500 |
| Miscellaneous | 442 | 620 | 1,000 |
| Election expense | - | 1,359 | - |
| Contingency | - | - | 1,700 |
| Operations and maintenance | | | |
| Landscape maintenance | 7,391 | 9,000 | 10,000 |
| Utilities | 219 | 736 | 1,000 |
| Total expenditures | 43,686 | 58,671 | 63,500 |
| TRANSFERS OUT | | | |
| Transfers to other fund | 2,603 | 520 | - |
| Total expenditures and transfers out requiring appropriation | 46,289 | 59,191 | 63,500 |
| ENDING FUND BALANCE | \$ 9,868 | \$ 2,940 | \$ 4,353 |
| EMERGENCY RESERVE | \$ 1,200 | \$ 1,300 | \$ 1,300 |
| AVAILABLE FOR OPERATIONS | 8,668 | 1,640 | 3,053 |
| TOTAL RESERVE | \$ 9,868 | \$ 2,940 | \$ 4,353 |

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

1/3/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Developer advance | 153,756 | 50,650 | 80,000 |
| Total revenues | <u>153,756</u> | <u>50,650</u> | <u>80,000</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>2,603</u> | <u>520</u> | <u>-</u> |
| Total funds available | <u>156,359</u> | <u>51,170</u> | <u>80,000</u> |
| EXPENDITURES | | | |
| Capital Projects | | | |
| Accounting | 2,603 | - | - |
| Streets | 15,338 | 5,108 | - |
| Engineering | - | 520 | - |
| Sewer | 138,418 | 951 | - |
| Water | - | 44,591 | - |
| Capital outlay | - | - | 80,000 |
| Total expenditures | <u>156,359</u> | <u>51,170</u> | <u>80,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>156,359</u> | <u>51,170</u> | <u>80,000</u> |
| ENDING FUND BALANCE | <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
2019 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 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

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.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Interest

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

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 2019 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 2019, as defined under TABOR.

This information is an integral part of the accompanying budget.