



**CliftonLarsonAllen**

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## **Accountant's Compilation Report**

Board of Directors  
Mesa Ridge Metropolitan District No. 2

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances/funds available of Mesa Ridge Metropolitan District No. 2 for the year ending December 31, 2020, including the estimate of comparative information for the year ended December 31, 2019, and the actual comparative information for the year ended 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 Mesa Ridge Metropolitan District No. 2.

*CliftonLarsonAllen LLP*

Colorado Springs, Colorado  
January 8, 2020



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**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
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	\$ 248,461	\$ 345,799	\$ 446,189
REVENUES			
Property taxes	382,417	387,926	469,160
Property taxes - contractual	-	-	83,129
Specific ownership tax	48,320	46,551	60,752
Interest income	8,877	10,100	7,991
Other revenue	54	-	2,853
Total revenues	<u>439,668</u>	<u>444,577</u>	<u>623,885</u>
Total funds available	<u>688,129</u>	<u>790,376</u>	<u>1,070,074</u>
EXPENDITURES			
General Fund	43,167	43,550	147,202
Debt Service Fund	299,163	300,637	302,834
Total expenditures	<u>342,330</u>	<u>344,187</u>	<u>450,036</u>
Total expenditures and transfers out requiring appropriation	<u>342,330</u>	<u>344,187</u>	<u>450,036</u>
ENDING FUND BALANCES	<u>\$ 345,799</u>	<u>\$ 446,189</u>	<u>\$ 620,038</u>
DEBT SERVICE RESERVE - SERIES 2015	25,000	25,000	25,000
TOTAL RESERVE	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</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. 2**  
**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</b>			
Residential	\$ 6,754,390	\$ 6,884,070	\$ 8,330,820
Commercial	37,020	32,100	37,430
Agricultural	5,420	5,420	5,460
State assessed	31,490	50,930	58,700
Vacant land	89,750	59,330	7,090
Certified Assessed Value	<b>\$ 6,918,070</b>	<b>\$ 7,031,850</b>	<b>\$ 8,439,500</b>
<b>MILL LEVY</b>			
General	5.528	5.517	5.559
Debt Service	49.750	49.650	50.032
Contractual	0.000	0.000	9.850
Total mill levy	<b>55.278</b>	<b>55.167</b>	<b>65.441</b>
<b>PROPERTY TAXES</b>			
General	\$ 38,243	\$ 38,795	\$ 46,915
Debt Service	344,174	349,131	422,245
Contractual	-	-	83,129
Levied property taxes	382,417	387,926	552,289
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	<b>\$ 382,417</b>	<b>\$ 387,926</b>	<b>\$ 552,289</b>
<b>BUDGETED PROPERTY TAXES</b>			
General	<b>\$ 38,243</b>	<b>\$ 38,795</b>	<b>\$ 46,915</b>
Debt Service	<b>344,174</b>	<b>349,131</b>	<b>422,245</b>
Contractual	<b>-</b>	<b>-</b>	<b>83,129</b>
	<b>\$ 382,417</b>	<b>\$ 387,926</b>	<b>\$ 552,289</b>

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. 2  
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	\$ -	\$ -	\$ -
REVENUES			
Property taxes	38,243	38,795	46,915
Property taxes - contractual	-	-	83,129
Specific ownership tax	4,861	4,655	14,305
Interest income	9	100	-
Other revenue	54	-	2,853
Total revenues	<u>43,167</u>	<u>43,550</u>	<u>147,202</u>
Total funds available	<u>43,167</u>	<u>43,550</u>	<u>147,202</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	575	582	704
County Treasurer's fee - contractual	-	-	1,247
Contingency	-	-	2,853
Operations and maintenance			
Intergovernmental expenditures - Mesa Ridge No. 1	42,592	42,968	60,516
Intergovernmental expenditures - Cross Creek MD	-	-	81,882
Total expenditures	<u>43,167</u>	<u>43,550</u>	<u>147,202</u>
Total expenditures and transfers out requiring appropriation	<u>43,167</u>	<u>43,550</u>	<u>147,202</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. 2  
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	\$ 248,461	\$ 345,799	\$ 446,189
REVENUES			
Property taxes	344,174	349,131	422,245
Specific ownership tax	43,459	41,896	46,447
Interest income	8,868	10,000	7,991
Total revenues	<u>396,501</u>	<u>401,027</u>	<u>476,683</u>
Total funds available	<u>644,962</u>	<u>746,826</u>	<u>922,872</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	5,163	5,237	6,334
Debt Service			
Bond interest	234,000	230,400	226,500
Bond principal	60,000	65,000	70,000
Total expenditures	<u>299,163</u>	<u>300,637</u>	<u>302,834</u>
Total expenditures and transfers out requiring appropriation	<u>299,163</u>	<u>300,637</u>	<u>302,834</u>
ENDING FUND BALANCE	<u>\$ 345,799</u>	<u>\$ 446,189</u>	<u>\$ 620,038</u>
DEBT SERVICE RESERVE - SERIES 2015	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
TOTAL RESERVE	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</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. 2  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Mesa Ridge Metropolitan District No. 2 (the "District") and Mesa Ridge Metropolitan District No. 1 (District No. 1) 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 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. District No. 1 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." 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**

**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.

**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

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 District set a mill levy for property tax collection in 2020. The calculation of the taxes levied is displayed on the Property Tax Summary Page at the adopted mill levy of 65.441 mills.

**Specific Ownership Tax**

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 11% of the property taxes collected.

**Interest Income**

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

**Expenditures**

**County Treasurer's Fees**

County Treasurer's collection fees have been computed at 1.5% of property taxes.

**Intergovernmental Transfers – Mesa Ridge Metropolitan District No. 1**

Per the Intergovernmental Agreement between the District and District No. 1, net revenues are transferred to District No. 1 to help fund operations and maintenance expenses of both districts.

**Intergovernmental Transfers – Cross Creek Metropolitan District**

Per the Intergovernmental Agreement between the District and Cross Creek Metropolitan District, net revenues from the contractual mill levy are transferred to Cross Creek Metropolitan District to help fund the operations and maintenance expenses of the Regional Park.

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedule from the Series 2015 Bonds.

**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

On March 26, 2015, the District issued \$4,000,000 of Limited Tax General Obligation Bonds, Series 2015. The bonds bear interest at the rate of 6% per annum, payable semiannually on June 1 and December 1, commencing on June 1, 2015. Principal payments are due on December 1, commencing on December 1, 2015. The bonds mature on December 1, 2044. The bonds are subject to redemption prior to maturity, at the option of the District, on or after December 1, 2024, upon payment of par and accrued interest, without redemption premium.

The bonds are secured by Pledged Revenue, which consists of the Limited Mill Levy, the portion of specific ownership taxes attributable to the Limited Mill Levy, and any other revenues of the District legally available to pay principal of and interest on the bonds which are not required to pay the District's operations and maintenance costs. The Limited Mill Levy is an ad valorem mill levy imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the bonds, but not in excess of 45.000 mills. During 2019, the residential assessment rate was changed from 7.20% to 7.15%, and the maximum mill levy was adjusted to 49.993.

Proceeds of the bonds were used (1) to pay for improvements of the District in accordance with the Joint Financing and Reimbursement Agreement between the District, District No. 1, and the Developer, (2) fund the Reserve Fund Requirement in the amount of \$25,000, and (3) pay the costs of issuance of the bonds.

The District has no capital or operating leases.

**Reserves**

**Debt Service Reserve**

The Series 2015 bonds have a required debt service reserve of \$25,000.

**Emergency Reserve**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 1, which pays for all of the District's operations and maintenance costs, an emergency reserve is not reflected in the District's Budget. The emergency reserve for these funds is reflected in District No. 1.

**This information is an integral part of the accompanying budget.**



**MESA RIDGE METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<b>\$4,000,000</b>			
<b>Limited Tax General Obligation Bonds</b>			
<b>Dated March 26, 2015</b>			
<b>Interest Rate of 6.0%</b>			
<b>Due June 1 and December 1</b>			
<b>Principal Due December 1</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total General Obligation Bonds</u>
2020	\$ 70,000	\$ 226,500	\$ 296,500
2021	75,000	222,300	297,300
2022	75,000	217,800	292,800
2023	80,000	213,300	293,300
2024	85,000	208,500	293,500
2025	90,000	203,400	293,400
2026	95,000	198,000	293,000
2027	105,000	192,300	297,300
2028	110,000	186,000	296,000
2029	115,000	179,400	294,400
2030	125,000	172,500	297,500
2031	130,000	165,000	295,000
2032	140,000	157,200	297,200
2033	145,000	148,800	293,800
2034	155,000	140,100	295,100
2035	165,000	130,800	295,800
2036	175,000	120,900	295,900
2037	185,000	110,400	295,400
2038	195,000	99,300	294,300
2039	210,000	87,600	297,600
2040	220,000	75,000	295,000
2041	235,000	61,800	296,800
2042	250,000	47,700	297,700
2043	265,000	32,700	297,700
2044	280,000	16,800	296,800
	<u>\$ 3,775,000</u>	<u>\$ 3,614,100</u>	<u>\$ 7,389,100</u>

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