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Accountant's Compilation Report

Board of Directors
Meadowbrook Crossing Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Meadowbrook Crossing Metropolitan District 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 Colorado Revised Statutes 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 Meadowbrook Crossing Metropolitan District.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
January 28, 2019



An independent member of Nexia International

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 14,293
REVENUES			
Property taxes	-	15,572	24,845
Specific ownership taxes	-	1,700	2,981
Interest income	-	4	-
Bond issuance	-	3,097,728	-
Developer advance	15,000	3,126,964	112,562
Total revenues	<u>15,000</u>	<u>6,241,968</u>	<u>140,388</u>
Total funds available	<u>15,000</u>	<u>6,241,968</u>	<u>154,681</u>
EXPENDITURES			
General Fund	15,000	68,876	117,000
Debt Service Fund	-	87	7,000
Capital Projects Fund	-	6,158,712	-
Total expenditures	<u>15,000</u>	<u>6,227,675</u>	<u>124,000</u>
Total expenditures and transfers out requiring appropriation	<u>15,000</u>	<u>6,227,675</u>	<u>124,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 14,293</u>	<u>\$ 30,681</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>

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

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
ASSESSED VALUATION			
Vacant land	\$ -	\$ 259,530	\$ 414,080
Certified Assessed Value	<u>\$ -</u>	<u>\$ 259,530</u>	<u>\$ 414,080</u>
MILL LEVY			
General	0.000	10.000	10.000
Debt Service	0.000	50.000	50.000
Total mill levy	<u>0.000</u>	<u>60.000</u>	<u>60.000</u>
PROPERTY TAXES			
General	\$ -	\$ 2,595	\$ 4,141
Debt Service	-	12,977	20,704
Levied property taxes	<u>-</u>	<u>15,572</u>	<u>24,845</u>
Budgeted property taxes	<u>\$ -</u>	<u>\$ 15,572</u>	<u>\$ 24,845</u>
BUDGETED PROPERTY TAXES			
General	\$ -	\$ 2,595	\$ 4,141
Debt Service	-	12,977	20,704
	<u>\$ -</u>	<u>\$ 15,572</u>	<u>\$ 24,845</u>

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

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	2,595	4,141
Specific ownership taxes	-	300	497
Interest income	-	1	-
Developer advance	15,000	65,980	112,562
Total revenues	<u>15,000</u>	<u>68,876</u>	<u>117,200</u>
Total funds available	<u>15,000</u>	<u>68,876</u>	<u>117,200</u>
EXPENDITURES			
General and administrative			
Accounting	-	5,500	20,000
Audit	-	-	5,000
County treasurer fees	-	17	62
Dues and subscriptions	-	253	300
District management	-	3,400	14,000
Insurance	-	1,500	2,500
Legal	-	22,009	10,000
Miscellaneous	-	4,537	5,000
Operational costs	15,000	5,000	-
Contingency	-	-	5,138
Contractual obligations	-	15,000	-
Developer advance - Interest	-	1,660	-
Landscaping	-	-	25,000
Snow removal	-	5,000	10,000
Utilities	-	5,000	20,000
Total expenditures	<u>15,000</u>	<u>68,876</u>	<u>117,000</u>
Total expenditures and transfers out requiring appropriation	<u>15,000</u>	<u>68,876</u>	<u>117,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>

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

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 14,293
REVENUES			
Property taxes	-	12,977	20,704
Specific ownership taxes	-	1,400	2,484
Interest income	-	3	-
Total revenues	<u>-</u>	<u>14,380</u>	<u>23,188</u>
Total funds available	<u>-</u>	<u>14,380</u>	<u>37,481</u>
EXPENDITURES			
General and administrative			
County treasurer fees	-	87	311
Paying agent fees	-	-	5,500
Contingency	-	-	1,189
Total expenditures	<u>-</u>	<u>87</u>	<u>7,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>87</u>	<u>7,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 14,293</u>	<u>\$ 30,481</u>

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

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Bond issuance	-	3,097,728	-
Developer advance	-	3,060,984	-
Total revenues	-	6,158,712	-
Total funds available	-	6,158,712	-
EXPENDITURES			
Capital Projects			
Cost of issuance	-	119,477	-
Developer advance - Interest	-	154,586	-
Organization costs	-	71,696	-
Organization costs - Interest	-	7,523	-
Repay developer advance	-	2,978,250	-
Streets	-	976,302	-
Sewer/Storm	-	1,079,593	-
Water	-	481,497	-
Traffic and safety	-	7,304	-
Parks and recreation	-	282,484	-
Total expenditures	-	6,158,712	-
Total expenditures and transfers out requiring appropriation	-	6,158,712	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Meadowbrook Crossing Metropolitan District (“the District”), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado on November 23, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide street improvements, parks and recreational facilities, water supply, wastewater facilities, traffic and safety controls, public transportation, fire protection, mosquito control, television relay and operation and maintenance. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

During elections held on November 8, 2016, the District's voter's authorized total general obligation indebtedness of \$10,000,000 for the above listed facilities and powers as well as for refunding of debt. The elections also approved annual increases in property taxes of up to \$750,000, without limitation to rate, to pay the District's operations and maintenance costs. The election also allows the District to retain all revenues without regard to the limitation contained in Article X, Section 20 of the Colorado constitution or any other law.

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 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 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.

**MEADOWBROOK CROSSING METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

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 12% of the property taxes collected.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense. Estimated expenditures related to street repairs and maintenance, street lights, street sweeping, landscaping, mowing, parks and open space maintenance, utilities and snow removal were also included in the budget.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Debt and Leases

On October 10, 2018, the District issued \$3,097,728 in Series 2018 General Obligation Limited Tax Capital Appreciation Bonds. The Series 2018 Bonds are structured as a capital appreciation instrument of the District and are secured and payable from Pledged Revenues. Interest on the Series 2018 Bonds is a rate of 6% which will accrue from the date of issuance to December 1, 2021, during which time interest accruing on this Bond will compound on each June 1 and December 1 at the rate borne by this Bond. Such interest shall constitute appreciated principal of this Bond.

Emergency Reserves

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.