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Accountant's Compilation Report

Board of Directors
The Village Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of The Village Metropolitan District 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 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 The Village Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 2, 2020

**THE VILLAGE METROPOLITAN DISTRICT
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/2/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 9,891	\$ 12,594	\$ 17,844
REVENUES			
Property taxes	692,406	713,495	728,889
Specific ownership tax	35,179	37,600	36,444
Interest income	3,146	3,300	100
Transfers from Traer Creek Metropolitan District	36,268	45,855	3,750,000
Bond proceeds	-	-	35,900,000
Total revenues	<u>766,999</u>	<u>800,250</u>	<u>40,415,433</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total funds available	<u>776,890</u>	<u>812,844</u>	<u>42,433,277</u>
EXPENDITURES			
General Fund	764,296	795,000	50,000
Debt Service Fund	-	-	32,186,000
Capital Projects Fund	-	-	2,000,000
Total expenditures	<u>764,296</u>	<u>795,000</u>	<u>34,236,000</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total expenditures and transfers out requiring appropriation	<u>764,296</u>	<u>795,000</u>	<u>36,236,000</u>
ENDING FUND BALANCES	<u>\$ 12,594</u>	<u>\$ 17,844</u>	<u>\$ 6,197,277</u>
EMERGENCY RESERVE	\$ 1,100	\$ 1,500	\$ 1,600
DEBT SERVICE RESERVE	-	-	2,934,125
SURPLUS FUND REQUIREMENT	-	-	2,000,000
TOTAL RESERVE	<u>\$ 1,100</u>	<u>\$ 1,500</u>	<u>\$ 4,935,725</u>

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

**THE VILLAGE METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/2/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Commercial	\$ 12,632,230	\$ 13,027,490	\$ 13,177,370
Agricultural	22,670	22,670	23,450
State assessed	228,620	246,180	222,000
Vacant land	973,570	973,570	1,154,960
Certified Assessed Value	<u>\$ 13,857,090</u>	<u>\$ 14,269,910</u>	<u>\$ 14,577,780</u>
MILL LEVY			
General	50.000	50.000	0.000
Debt Service	0.000	0.000	50.000
Total mill levy	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>
PROPERTY TAXES			
General	\$ 692,855	\$ 713,495	\$ -
Debt Service	-	-	728,889
Levied property taxes	<u>692,855</u>	<u>713,495</u>	<u>728,889</u>
Adjustments to actual/rounding	(449)	-	-
Budgeted property taxes	<u>\$ 692,406</u>	<u>\$ 713,495</u>	<u>\$ 728,889</u>
BUDGETED PROPERTY TAXES			
General	\$ 692,406	\$ 713,495	\$ -
Debt Service	-	-	728,889
	<u>\$ 692,406</u>	<u>\$ 713,495</u>	<u>\$ 728,889</u>

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

**THE VILLAGE METROPOLITAN DISTRICT
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/2/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 9,891	\$ 12,594	\$ 17,844
REVENUES			
Property taxes	692,406	713,495	-
Specific ownership tax	35,179	37,600	-
Interest income	3,146	3,300	100
Transfers from Traer Creek Metropolitan District	36,268	45,855	50,000
Total revenues	<u>766,999</u>	<u>800,250</u>	<u>50,100</u>
Total funds available	<u>776,890</u>	<u>812,844</u>	<u>67,944</u>
EXPENDITURES			
General and administrative			
Accounting	13,890	21,000	20,000
Auditing	4,200	4,200	4,200
County Treasurer's fee	20,772	21,405	-
Dues and membership	501	526	1,000
Insurance and bonds	2,826	4,115	5,000
District management	6,797	9,000	9,000
Legal services	2,161	5,000	7,000
Miscellaneous	341	2,014	2,300
Transfers to Traer Creek Metropolitan District	212,533	227,740	-
Election expense	275	-	1,500
Debt Service			
Loan principal	322,311	331,360	-
Loan interest	177,689	168,640	-
Total expenditures	<u>764,296</u>	<u>795,000</u>	<u>50,000</u>
Total expenditures and transfers out requiring appropriation	<u>764,296</u>	<u>795,000</u>	<u>50,000</u>
ENDING FUND BALANCE	<u>\$ 12,594</u>	<u>\$ 17,844</u>	<u>\$ 17,944</u>
EMERGENCY RESERVE	\$ 1,100	\$ 1,500	\$ 1,600
TOTAL RESERVE	<u>\$ 1,100</u>	<u>\$ 1,500</u>	<u>\$ 1,600</u>

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

**THE VILLAGE METROPOLITAN DISTRICT
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/2/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	728,889
Specific ownership tax	-	-	36,444
Transfers from Traer Creek Metropolitan District	-	-	3,700,000
Bond proceeds	-	-	35,900,000
Total revenues	<u>-</u>	<u>-</u>	<u>40,365,333</u>
Total funds available	<u>-</u>	<u>-</u>	<u>40,365,333</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	-	21,867
Contingency	-	-	49,747
Debt Service			
Paying agent fees	-	-	5,000
Bond interest - Series 2020	-	-	2,029,347
Bond principal - Series 2020	-	-	130,000
Loan principal	-	-	5,799,596
Loan interest	-	-	40,000
Transfers to Traer Creek Metropolitan District	-	-	23,268,568
Bond issue costs	-	-	303,375
Bond discount	-	-	538,500
Total expenditures	<u>-</u>	<u>-</u>	<u>32,186,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>34,186,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,179,333</u>
DEBT SERVICE RESERVE	\$ -	\$ -	\$ 2,934,125
SURPLUS FUND REQUIREMENT	-	-	2,000,000
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,934,125</u>

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

**THE VILLAGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/2/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
TRANSFERS IN			
Transfers from other funds	-	-	2,000,000
Total funds available	-	-	2,000,000
EXPENDITURES			
Capital Projects			
Streets	-	-	2,000,000
Total expenditures	-	-	2,000,000
Total expenditures and transfers out requiring appropriation	-	-	2,000,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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

**THE VILLAGE METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Avon, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town on August 25, 1998. The District's service area is located in Eagle County, Colorado entirely within the Town of Avon.

The District was established to provide financing for the construction of streets and safety control, water systems, sewer systems, parks and recreation facilities, safety protection, fire protection, transportation systems, television relay, mosquito control and the operation and maintenance of the District. Under the Consolidated Service Plan, the District is intended to be the Financing District related to Traer Creek Metropolitan District ("Traer Creek") as the Service District for the development of the service area, which encompasses the area of both Districts. The District and Traer Creek operate under an intergovernmental agreement (IGA) with the Town and a related Public Improvement Corporation (PIC).

The budgets are in accordance with the TABOR Amendment limitation, which were modified by the voters in elections held on November 3, 1998 and on November 7, 2001. Emergency reserves, required under TABOR have been provided.

The District has no employees and all operations and administrative functions are contracted.

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.

**THE VILLAGE METROPOLITAN DISTRICT
2020 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 5% of the property taxes collected by the Debt Service Fund.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.25%.

Transfers from Traer Creek Metropolitan District

Pursuant to a Facilities Funding, Construction and Operations Agreement signed on July 31, 2001, and later amended on March 4, 2002, Traer Creek Metropolitan District agreed to provide the District with funding sufficient to carry forth its operations, maintenance and administrative services. Traer Creek Metropolitan District's pledge to fund District operations, maintenance, and administrative services is subject to annual appropriation by Traer Creek Metropolitan District.

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, audit, and insurance.

County Treasurer's Fees

County Treasurer's collection fees have been computed at 3% of property taxes.

Transfers to Traer Creek Metropolitan District

Pursuant to a Facilities Funding, Construction and Operations Agreement signed on July 31, 2001, and later amended on March 4, 2002, the District agreed to pledge all revenue it receives from ad valorem property taxes, specific ownership taxes and other rates, fees, tolls and charges that may be imposed and collected by the District, if such revenue is not otherwise pledged, to Traer Creek Metropolitan District to assist in financing the facilities and services.

**THE VILLAGE METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

On May 14, 2015, the District entered into a loan agreement with NBH Bank, N.A. to obtain a loan in the amount of \$7,460,000 (Loan). The maturity date of the Loan is May 14, 2025, with an interest rate of 2.75%, paid semiannually on June 1 and December 1.

If the 2015 Loan is not refinanced, extended or paid in full on or before the Maturity Date, the Post Maturity Interest Rate shall be computed using the following formula: (65% of One Month LIBOR) plus 275 basis points. The Loan Balance of the Loan shall bear interest at the Post Maturity Interest Rate from and including the first day following the Maturity Date until the earlier of (A) the Loan is paid in full or (B) the Maximum Amount Due has been paid to the Bank.

Upon any Determination of Taxability, the Loan Balance of the Loan shall bear interest at a fixed rate equal to 4.23% (the "Taxable Rate").

The proceeds of the Loan were transferred to Traer Creek to refund the Developer obligation for costs associated with the construction of a water tank improvement project. In 2020, the District anticipates paying this Loan in full.

The District anticipates issuing Revenue Refunding and Improvement Bonds, Series 2020 to refund Traer Creek Metropolitan District's \$40,175,000 Taxable Variable Rate Revenue Refunding Bonds, Series 2014, to pay Water Tank Bonds and obtain additional funds for capital projects.

Additionally, the District has no operating or capital leases.

Reserves

Emergency Reserves

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2020, defined under TABOR.

This information is an integral part of the accompanying budget.