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Accountant's Compilation Report

Board of Directors
Mountain's Edge Metropolitan District
Jefferson County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Mountain's Edge Metropolitan District for the year ending December 31, 2017, including the estimate of comparative information for the year ending December 31, 2016, and the actual comparative information for the year ending December 31, 2015, 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 Mountain's Edge Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 29, 2016

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT
SUMMARY
2017 BUDGET AS ADOPTED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

12/29/2016

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ -	\$ 3,013	\$ 455,679
REVENUES			
1 Property taxes	14,796	65,080	70,863
2 Specific ownership taxes	1,180	4,560	5,670
3 Developer advance	27,436	6,815,611	48,000
4 Net investment income	1	2	600
5 Other income	-	231	-
6 Bond issuance	-	-	-
7 Bond issuance Series 2016A	-	2,655,000	-
8 Bond issuance Series 2016B	-	561,000	-
9 Transfer from CP Fund Capitalized Interest	-	216,667	-
10 Transfer from CP Fund Debt Service Reserve	-	203,500	-
Total revenues	<u>43,413</u>	<u>10,521,651</u>	<u>125,133</u>
TRANSFERS IN			
Total funds available	<u>-</u>	<u>5,389</u>	<u>-</u>
EXPENDITURES			
11 General and administration			
12 Accounting	2,774	10,000	15,000
13 Audit	-	-	5,000
14 Contingency	-	8,855	1,640
15 County Treasurer's fees	222	977	1,069
16 District management	5,111	6,000	14,500
17 Dues and membership	-	315	340
18 Election	-	667	-
19 Insurance	2,593	2,488	2,700
20 Legal	7,431	10,000	15,000
21 Miscellaneous	266	245	1,500
22 Operations and maintenance			
23 Drainage maintenance	-	-	5,000
24 Landscape maintenance	22,003	8,000	8,000
25 Trash collection	-	3,000	5,000
26 Utilities	-	-	3,000
27 Debt service			
28 Bond interest Series 2016A	-	18,438	132,750
29 Capital projects			
30 Bond issue costs	-	245,416	-
31 Capital outlay	-	4,171,517	-
32 Developer advance repayment	-	5,162,900	-
33 Transfer to DS Fund Capitalized Interest	-	216,667	-
34 Transfer to DS Fund Debt Service Reserve	-	203,500	-
Total expenditures	<u>40,400</u>	<u>10,068,985</u>	<u>210,499</u>
TRANSFERS OUT			
Total expenditures and transfers out requiring appropriation	<u>40,400</u>	<u>10,074,374</u>	<u>210,499</u>
ENDING FUND BALANCES	<u>\$ 3,013</u>	<u>\$ 455,679</u>	<u>\$ 370,313</u>
EMERGENCY RESERVE	\$ 300	\$ 1,000	\$ 700
Capitalized Interest Fund	-	216,667	65,479
Debt Service Reserve Fund	-	203,500	203,500
Surplus Fund	-	28,906	89,927
TOTAL RESERVE	<u>\$ 300</u>	<u>\$ 450,073</u>	<u>\$ 359,606</u>

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

MOUNTAIN'S EDGE METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/29/2016

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
ASSESSED VALUATION - JEFFERSON			
Residential	\$ -	\$ -	\$ 211,161
Vacant Land	208,393	916,601	786,912
Certified Assessed Value	<u>\$ 208,393</u>	<u>\$ 916,601</u>	<u>\$ 998,073</u>
MILL LEVY			
GENERAL FUND	31.000	31.000	21.000
DEBT SERVICE FUND	40.000	40.000	50.000
Total Mill Levy	<u>71.000</u>	<u>71.000</u>	<u>71.000</u>
PROPERTY TAXES			
GENERAL FUND	\$ 6,460	\$ 28,415	\$ 20,959
DEBT SERVICE FUND	8,336	36,664	49,904
Levied property taxes	<u>14,796</u>	<u>65,079</u>	<u>70,863</u>
Adjustments to actual/rounding	-	1	-
Budgeted Property Taxes	<u>\$ 14,796</u>	<u>\$ 65,080</u>	<u>\$ 70,863</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 6,460	\$ 28,635	\$ 20,959
DEBT SERVICE FUND	8,336	36,445	49,904
	<u>\$ 14,796</u>	<u>\$ 65,080</u>	<u>\$ 70,863</u>

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MOUNTAIN'S EDGE METROPOLITAN DISTRICT
GENERAL FUND
2017 BUDGET AS ADOPTED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,

12/29/2016

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ -	\$ (5,863)	\$ 6,606
REVENUES			
1 Property taxes	6,460	28,635	20,959
2 Specific ownership taxes	515	1,990	1,680
3 Developer advance	27,436	37,000	48,000
4 Net investment income	1	2	-
5 Other income	-	231	-
Total revenues	34,412	67,858	70,639
Total funds available	34,412	61,995	77,245
EXPENDITURES			
General and administration			
6 Accounting	2,774	10,000	15,000
7 Audit	-	-	5,000
8 Contingency	-	8,855	1,640
9 County Treasurer's fees	97	430	320
10 District management	5,111	6,000	14,500
11 Dues and membership	-	315	340
12 Election	-	667	-
13 Insurance	2,593	2,488	2,700
14 Legal	7,431	10,000	15,000
15 Miscellaneous	266	245	1,500
Operations and maintenance			
16 Drainage maintenance	-	-	5,000
17 Landscape maintenance	22,003	8,000	8,000
18 Trash collection	-	3,000	5,000
19 Utilities	-	-	3,000
Total expenditures	40,275	50,000	77,000
TRANSFERS OUT			
CAPITAL PROJECTS FUND			
Total transfers out	-	5,389	-
Total expenditures and transfers out requiring appropriation	40,275	55,389	77,000
ENDING FUND BALANCES	\$ (5,863)	\$ 6,606	\$ 245
EMERGENCY RESERVE	\$ 300	\$ 1,000	\$ 700
TOTAL RESERVE	\$ 300	\$ 1,000	\$ 700

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

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT
DEBT SERVICE FUND
2017 BUDGET AS ADOPTED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

12/29/2016

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ -	\$ 8,876	\$ 449,073
REVENUES			
1 Property taxes	8,336	36,445	49,904
2 Specific ownership taxes	665	2,570	3,990
3 Net investment income	-	-	600
4 Transfer from CP Fund Capitalized Interest	-	216,667	-
5 Transfer from CP Fund Debt Service Reserve	-	203,500	-
Total revenues	9,001	459,182	54,494
Total funds available	9,001	468,058	503,567
EXPENDITURES			
General and administration			
6 County Treasurer's fees	125	547	749
Debt service			
7 Bond interest Series 2016A	-	18,438	132,750
Total expenditures	125	18,985	133,499
Total expenditures and transfers out requiring appropriation	125	18,985	133,499
ENDING FUND BALANCES	\$ 8,876	\$ 449,073	\$ 370,068
Capitalized Interest Fund	\$ -	\$ 216,667	\$ 65,479
Debt Service Reserve Fund	-	203,500	203,500
Surplus Fund	-	28,906	89,927
TOTAL RESERVE	\$ -	\$ 449,073	\$ 358,906

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

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2017 BUDGET AS ADOPTED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

12/29/2016

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	-	6,778,611	-
2 Bond issuance	-	-	-
3 Bond issuance Series 2016A	-	2,655,000	-
4 Bond issuance Series 2016B	-	561,000	-
Total revenues	-	9,994,611	-
TRANSFERS IN			
GENERAL FUND	-	5,389	-
Total transfers in	-	5,389	-
Total funds available	-	10,000,000	-
EXPENDITURES			
Capital projects			
5 Bond issue costs	-	245,416	-
6 Capital outlay	-	4,171,517	-
7 Developer advance repayment	-	5,162,900	-
8 Transfer to DS Fund Capitalized Interest	-	216,667	-
9 Transfer to DS Fund Debt Service Reserve	-	203,500	-
Total expenditures	-	10,000,000	-
Total expenditures and transfers out requiring appropriation	-	10,000,000	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized by Order and Decree of the District Court of Jefferson County, Colorado on December 9, 2013, to provide financing for design, acquisition, construction and installation of essential public-purpose facilities such as water, sanitation, streets, traffic and safety controls, mosquito control, covenant enforcement, and the operation and maintenance of the District. The District's service area is located entirely within the boundaries of the Southwest Metropolitan Water and Sanitation District in Jefferson County, Colorado.

On November 5, 2013, the Electors of the District authorized the District to collect, spend, and retain all revenues, other than ad valorem taxes, without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. Additionally, the District voters approved authorization to increase property taxes up to \$1,000,000 annually to pay for the administration, operations, maintenance, and capital expenditures of the District and \$4,000,000 to pay for regional improvements for which the District is obligated. Also, the electors authorized the issuance of indebtedness in an amount not to exceed \$36,000,000. This includes \$4,000,000 each for water facilities, sanitation system, street improvements, traffic and safety controls, mosquito control, operations and maintenance expenses, and intergovernmental agreements, as well as the refunding of up to \$4,000,000 in debt at a higher interest rate.

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

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 District has a mill levy cap of 50.000 mills for the portion of debt which equals or exceeds fifty percent of the District's assessed value.

The calculation of the taxes levied is displayed on page 3 of the Budget at the adopted total mill levy of 71.000 mills.

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 8% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of 0.50%.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (cont'd)

Developer Advances

The District is in the development stage. As such, the operating and administrative expenditures will be mainly 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

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, banking, and meeting costs.

Capital Outlay

The District has budgeted for capital outlay as noted on page 6 of the budget.

Debt Service

Principal and interest payments in 2017 are based on the estimated debt amortization schedule from the Series 2016A General Obligation and 2016B Subordinate General Obligation bonds, as noted in the debt and lease section.

Debt and Leases

On October 11, 2016, the District issued Senior Series 2016A Bonds and the Subordinate Series 2016B Bonds in the amounts of \$2,655,000 and \$561,000, respectively. The proceeds from the sale of the Senior Bonds will be used for the purposes of (i) paying or reimbursing the costs of capital infrastructure improvements; (ii) providing capitalized interest for the Senior Bonds; (iii) providing a deposit to the Debt Service Reserve Fund; and; (iv) paying costs of issuance of the Senior Bonds. The proceeds from the sale of the Subordinate Bonds will be used for the purposes of (i) paying or reimbursing the costs of capital infrastructure improvements; and (ii) paying costs of issuance of the Subordinate Bonds.

The Senior Series 2016A Bonds bear interest at 5.0%, payable semi-annually on June 1 and December 1, beginning on December 1, 2016. Annual mandatory sinking fund principal payments are estimated to be due on December 1, beginning on December 1, 2019. The Senior Bonds are estimated to mature on December 1, 2046, and are subject to optional redemption as described in the Senior Indenture.

The Subordinate Bonds were issued at the rate of 7.375% per annum and payable annually from Subordinate Pledged Revenue on December 15, beginning on December 15, 2016. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are assumed to be subject to optional redemption prior to maturity as described in the Subordinate Indenture. No principal or interest payments will be made on the Subordinate Bonds before the Surplus Fund has reached the maximum amount of \$265,500.

The District has no operating or capital leases.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Developer Advances

The District has Operation Funding agreements for 2015 and 2016, as well as a Facilities Funding and Acquisition Agreement dated December 10, 2013. These agreements accrue interest at 8.0% per annum, with accrued interest payable first, and then principal. At December 31, 2016, the principal and interest amounts due on these agreements are as follows:

Operations Agreements

Year	Principal	Interest	Total
2015	\$27,436.35	\$2,652.88	\$30,089.23
2016	13,067.82	841.35	13,909.17
Total	\$40,504.17	\$3,494.23	\$43,998.40

Facilities Funding agreement

Year	Principal	Interest	Total
2013	\$15,552.96	\$161.53	\$15,714.49
2014	2,322,427.60	98,211.23	2,420,638.83
2015	1,460,332.77	249,485.51	1,709,818.28
2016	373,203.55	327,899.61	701,103.16
Total	\$4,171,516.88	\$675,757.88	\$4,847,274.76

Reserve Funds

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2017, as defined under TABOR.

The Debt Service Fund has a reserve fund of \$203,500 and a capitalized interest fund, which will be used to make interest and principal payments on the loan.

This information is an integral part of the accompanying budget.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
12/31/17**

**\$2,655,000 General Obligation Bonds
(Limited Tax Convertible to Unlimited Tax)
UMB
Bonds - Series 2016A Interest Rate 5.00%
Dated October 11, 2016**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	-	132,750	132,750
2018	-	132,750	132,750
2019	5,000	132,750	137,750
2020	30,000	132,500	162,500
2021	30,000	131,000	161,000
2022	35,000	129,500	164,500
2023	35,000	127,750	162,750
2024	40,000	126,000	166,000
2025	45,000	124,000	169,000
2026	50,000	121,750	171,750
2027	50,000	119,250	169,250
2028	55,000	116,750	171,750
2029	60,000	114,000	174,000
2030	65,000	111,000	176,000
2031	70,000	107,750	177,750
2032	75,000	104,250	179,250
2033	80,000	100,500	180,500
2034	90,000	96,500	186,500
2035	95,000	92,000	187,000
2036	100,000	87,250	187,250
2037	105,000	82,250	187,250
2038	115,000	77,000	192,000
2039	120,000	71,250	191,250
2040	130,000	65,250	195,250
2041	135,000	58,750	193,750
2042	150,000	52,000	202,000
2043	155,000	44,500	199,500
2044	165,000	36,750	201,750
2045	175,000	28,500	203,500
2046	395,000	19,750	414,750
	<u>\$ 2,655,000</u>	<u>\$ 2,894,438</u>	<u>\$ 5,549,438</u>

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