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**Accountant's Compilation Report**

Board of Directors  
Mountain's Edge Metropolitan District

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, 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 Mountain's Edge Metropolitan District.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
December 26, 2019

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
SUMMARY  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/26/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 363,395	\$ 383,852	\$ 428,059
REVENUES			
Property taxes	221,687	255,468	336,799
Specific ownership taxes	20,530	20,500	26,943
Interest income	4,598	4,000	4,300
District service fees	16,400	15,200	16,400
Penalties and adjustments	491	-	-
Developer advance	31,800	21,000	-
Total revenues	<u>295,506</u>	<u>316,168</u>	<u>384,442</u>
Total funds available	<u>658,901</u>	<u>700,020</u>	<u>812,501</u>
EXPENDITURES			
General Fund	125,312	113,028	131,000
Debt Service Fund	140,286	145,096	171,000
Special Revenue Fund	9,451	13,837	17,500
Total expenditures	<u>275,049</u>	<u>271,961</u>	<u>319,500</u>
Total expenditures and transfers out requiring appropriation	<u>275,049</u>	<u>271,961</u>	<u>319,500</u>
ENDING FUND BALANCES	<u>\$ 383,852</u>	<u>\$ 428,059</u>	<u>\$ 493,001</u>
Emergency Reserve	\$ 2,900	\$ 3,200	\$ 4,300
Available for Operations	(14,625)	91	8,410
Debt Service Reserve Fund	203,500	203,500	203,500
Debt Service Surplus Fund	184,637	212,465	265,500
Reserve for Future Debt Service	-	-	3,588
TOTAL RESERVE	<u>\$ 376,412</u>	<u>\$ 419,256</u>	<u>\$ 485,298</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  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/26/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
<b>ASSESSED VALUATION</b>			
Residential	\$ 1,406,962	\$ 2,429,443	\$ 3,673,817
State assessed	-	26,751	40,785
Vacant land	1,048,666	373,628	203
Certified Assessed Value	<u>\$ 2,455,628</u>	<u>\$ 2,829,822</u>	<u>\$ 3,714,805</u>
<b>MILL LEVY</b>			
General	35.000	35.000	35.000
Debt Service	55.277	55.277	55.664
Total mill levy	<u>90.277</u>	<u>90.277</u>	<u>90.664</u>
<b>PROPERTY TAXES</b>			
General	\$ 85,947	\$ 99,044	\$ 130,018
Debt Service	135,740	156,424	206,781
Budgeted property taxes	<u>\$ 221,687</u>	<u>\$ 255,468</u>	<u>\$ 336,799</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	<b>\$ 85,947</b>	<b>\$ 99,044</b>	<b>\$ 130,018</b>
Debt Service	<b>135,740</b>	<b>156,424</b>	<b>206,781</b>
	<u><b>\$ 221,687</b></u>	<u><b>\$ 255,468</b></u>	<u><b>\$ 336,799</b></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  
GENERAL FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/26/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ (12,123)	\$ (11,725)	\$ 3,291
<b>REVENUES</b>			
Property taxes	85,947	99,044	130,018
Specific ownership taxes	7,962	8,000	10,401
Interest income	1	-	-
Developer advance	31,800	21,000	-
Total revenues	125,710	128,044	140,419
Total funds available	113,587	116,319	143,710
<b>EXPENDITURES</b>			
General and administrative			
Accounting	23,992	22,000	24,000
Audit	4,800	5,000	5,200
Billing	2,612	-	-
County Treasurer's fee	1,290	1,486	1,950
District management	11,041	14,000	14,500
Dues	388	384	400
Election expense	1,071	-	1,300
Insurance	2,707	2,858	3,000
Legal	22,228	15,000	23,000
Miscellaneous	455	1,500	1,500
Contingency	-	-	1,350
Operations and maintenance			
Drainage maintenance	3,391	5,000	5,000
Electricity	36	500	500
Irrigation repairs	-	3,000	3,000
Landscape maintenance	37,571	23,000	25,000
Landscaping improvements	-	4,000	4,000
Snow removal	607	3,000	3,000
Utilities	8,782	-	-
Water	2,866	12,000	14,000
Website maintenance	1,475	300	300
Total expenditures	125,312	113,028	131,000
Total expenditures and transfers out requiring appropriation	125,312	113,028	131,000
ENDING FUND BALANCE	\$ (11,725)	\$ 3,291	\$ 12,710
Emergency Reserve	\$ 2,900	\$ 3,200	\$ 4,300
Available for Operations	(14,625)	91	8,410
TOTAL RESERVE	\$ (11,725)	\$ 3,291	\$ 12,710

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  
SPECIAL REVENUE FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/26/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ 7,440	\$ 8,803
REVENUES			
District service fees	16,400	15,200	16,400
Penalties and adjustments	491	-	-
Total revenues	<u>16,891</u>	<u>15,200</u>	<u>16,400</u>
Total funds available	<u>16,891</u>	<u>22,640</u>	<u>25,203</u>
EXPENDITURES			
General and administrative			
Billing	-	2,000	4,200
Operations and maintenance			
Trash collection	9,451	11,837	13,300
Total expenditures	<u>9,451</u>	<u>13,837</u>	<u>17,500</u>
Total expenditures and transfers out requiring appropriation	<u>9,451</u>	<u>13,837</u>	<u>17,500</u>
ENDING FUND BALANCE	<u>\$ 7,440</u>	<u>\$ 8,803</u>	<u>\$ 7,703</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  
DEBT SERVICE FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/26/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 375,518	\$ 388,137	\$ 415,965
<b>REVENUES</b>			
Property taxes	135,740	156,424	206,781
Specific ownership taxes	12,568	12,500	16,542
Interest income	4,597	4,000	4,300
Total revenues	152,905	172,924	227,623
Total funds available	528,423	561,061	643,588
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fee	2,036	2,346	3,102
Paying agent fees	5,500	5,000	5,000
Contingency	-	-	398
Debt Service			
Bond interest - Series 2016A	132,750	132,750	132,500
Bond principal - Series 2016A	-	5,000	30,000
Total expenditures	140,286	145,096	171,000
Total expenditures and transfers out requiring appropriation	140,286	145,096	171,000
ENDING FUND BALANCE	\$ 388,137	\$ 415,965	\$ 472,588
Debt Service Reserve Fund	\$ 203,500	\$ 203,500	\$ 203,500
Debt Service Surplus Fund	184,637	212,465	265,500
Reserve for Future Debt Service	-	-	3,588
TOTAL RESERVE	\$ 388,137	\$ 415,965	\$ 472,588

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  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District was organized by Order and Decree of the District Court of Jefferson County, Colorado recorded 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 \$8,000,000 in debt at a higher interest rate.

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

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 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, sale 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 method of calculating assessed valuation of residential assessment rates in the State of Colorado changed from 7.20% to 7.15% for property tax year 2020. Accordingly, the debt service mill levy increased from 55.277 to 55.664.

The calculation of the taxes levied is displayed on the Property Tax Summary Information page of the budget.

**MOUNTAIN'S EDGE 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 8.0% 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 1.00%.

**District Service Fees**

The Board of Directors approved a monthly District Service Fee for all homes within the District boundaries to cover trash removal services. For 2020, the fees total \$16,400.

**Expenditures**

**Administrative and Operating Expenditures**

Administrative and operating expenditures include the estimated cost of services necessary to maintain the District's administrative viability such as legal, accounting, insurance, banking, and meeting costs. The General Fund budget also includes estimated cost of services related to landscaping, snow removal and other maintenance.

**Debt Service**

Principal and interest payments in 2020 are based on the estimated debt amortization schedule from the Series 2016A General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds ("Senior Bonds") as noted in the Debt and Lease section.



**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

On October 11, 2016, the District issued Senior Bonds and Subordinate Bonds in the amounts of \$2,655,000 and \$561,000, respectively. The proceeds from the sale of the Senior Bonds were 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 were 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 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 Senior Surplus Fund has reached the maximum amount of \$265,500.

The District has no operating or capital leases.

**Developer Advances**

The District has entered into Operation Funding Agreements with Reserve at the Meadows, LLC ("Developer") for 2013 – 2019 ("OFAs"), as well as a Facilities Funding and Acquisition Agreement dated December 10, 2013, as amended ("FFAA"). Advances under the OFAs and FFAA accrue interest at 8.0% per annum, with accrued interest payable first, and then principal. At December 31, 2019, the principal and interest amounts due under the OFAs and FFAA are on the attached schedule.

**Reserve Funds**

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

The Debt Service Fund has \$203,500 reserve fund in connection with the Senior Bonds.

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

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$2,655,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds</b>		
	<b>Series 2016A Interest 5.0% Dated October 11, 2016 Interest Payable June 1 and December 1 Principal Payable December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
	<b>\$ 2,650,000</b>	<b>\$ 2,477,750</b>	<b>\$ 5,127,750</b>

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  
Schedule of Developer Advances**

	Balance at December 31, 2018	Estimated Additions	Estimated Repayments	Estimated Balance at December 31, 2019
Developer advances - Capital	\$ 2,222,800	\$ -	\$ -	\$ 2,222,800
Developer advances - O&M	193,269	-	-	193,269
	<u>2,416,069</u>	<u>-</u>	<u>-</u>	<u>2,416,069</u>
Accrued interest - Capital	395,110	177,824	-	572,934
Accrued interest - O&M	26,093	15,486	-	41,579
	<u>421,203</u>	<u>193,310</u>	<u>-</u>	<u>614,513</u>
	<u>\$ 2,837,272</u>	<u>\$ 193,310</u>	<u>\$ -</u>	<u>\$ 3,030,582</u>
	Estimated Balance at December 31, 2019	Estimated Additions	Estimated Repayments	Estimated Balance at December 31, 2020
Developer advances - Capital	\$ 2,222,800	\$ -	\$ -	\$ 2,222,800
Developer advances - O&M	193,269	21,000	-	214,269
	<u>2,416,069</u>	<u>21,000</u>	<u>-</u>	<u>2,437,069</u>
Accrued interest - Capital	572,934	177,824	-	750,758
Accrued interest - O&M	41,579	16,866	-	58,445
	<u>614,513</u>	<u>194,690</u>	<u>-</u>	<u>809,203</u>
	<u>\$ 3,030,582</u>	<u>\$ 215,690</u>	<u>\$ -</u>	<u>\$ 3,246,272</u>

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