

**2022 ANNUAL REPORT  
MOUNTAIN’S EDGE METROPOLITAN DISTRICT**

As required by Section 32-1-207(3)(c), C.R.S., and pursuant to Section XIV of the District’s Service Plan approved by the Board of County Commissioners of the County of Jefferson on August 6, 2013, the following report of the activities of Mountain’s Edge Metropolitan District (f/k/a Reserve at the Meadows Metropolitan District) (the “**District**”) from January 1, 2022 to December 31, 2022 is hereby submitted.

A. Boundary changes made or proposed to the District’s boundary:

There were no boundary changes made or proposed in 2022.

B. Intergovernmental Agreements with other governmental entities entered into, proposed, or terminated:

The District did not enter into, propose, or terminate any Intergovernmental Agreements in 2022.

C. Access information to obtain a copy of rules and regulations adopted:

Information regarding any rules and regulations adopted by the District, including its design guidelines and other covenant-enforcement related documents, may be obtained on the District’s website at <https://mountainedgemd.com/documents>. Further information may be obtained from the District Manager, c/o CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, CO 80111. Further contact information may be obtained on the District’s website under the “Contact Us” tab.

D. Summary of litigation involving the District’s public improvements:

To our knowledge, there was no litigation involving the District’s public improvements in 2022.

E. Status of the District’s construction of public improvements:

The District did not construct any public improvements during 2022.

F. Conveyances or dedications of facilities or improvements, constructed by the District, to the County of Jefferson:

There were no facilities or improvements constructed by the District that were conveyed or dedicated to the County of Jefferson in 2022.

G. Final assessed valuation of the District for the reporting year:

The 2022 final assessed valuation for the District was \$3,916,628.

H. Current year’s budget:

A copy of the District’s 2023 budget is attached hereto as **Exhibit A**.

I. Audited financial statements for the reporting year (or application for exemption from audit):

A copy of the 2022 Audit is not yet available, but will be forwarded upon completion.

J. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument:

To our knowledge, there were no uncured events of default by the District which continue beyond a ninety (90) day period in 2022.

K. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period:

To our knowledge, the District is able to pay its obligations as they come due.

**EXHIBIT A**  
CURRENT YEAR'S BUDGET

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2023**

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
SUMMARY  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/7/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 11,605	\$ 62,948	\$ 56,178
REVENUES			
Property taxes	337,354	363,770	365,139
Specific ownership taxes	25,843	24,412	25,560
Interest income	3	21	468
Other income	12,925	-	-
District Service fees	17,059	16,400	16,500
Total revenues	<u>393,184</u>	<u>404,603</u>	<u>407,667</u>
TRANSFERS IN	<u>1,103</u>	<u>1,500</u>	<u>5,000</u>
Total funds available	<u>405,892</u>	<u>469,051</u>	<u>468,845</u>
EXPENDITURES			
General Fund	126,551	193,500	186,000
Special Revenue Fund	18,026	20,000	22,600
Debt Service Fund	197,264	197,873	202,000
Total expenditures	<u>341,841</u>	<u>411,373</u>	<u>410,600</u>
TRANSFERS OUT	<u>1,103</u>	<u>1,500</u>	<u>5,000</u>
Total expenditures and transfers out requiring appropriation	<u>342,944</u>	<u>412,873</u>	<u>415,600</u>
ENDING FUND BALANCES	<u>\$ 62,948</u>	<u>\$ 56,178</u>	<u>\$ 53,245</u>
Emergency Reserve	\$ 4,800	\$ 5,300	\$ 5,600
Available for Operations	31,783	12,509	4,785
Reserve for Future Debt Service	22,758	36,862	42,453
TOTAL RESERVE	<u>\$ 59,341</u>	<u>\$ 54,671</u>	<u>\$ 52,838</u>

No assurance provided. See summary of significant assumptions.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/7/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
<b>ASSESSED VALUATION</b>			
Residential - single family	\$ 3,673,817	\$ 3,961,734	\$ 3,850,918
State assessed	219	449	649
Vacant land	203	203	-
Personal property	51,294	52,129	65,061
Certified Assessed Value	<u>\$ 3,725,533</u>	<u>\$ 4,014,515</u>	<u>\$ 3,916,628</u>
<b>MILL LEVY</b>			
General	39.164	41.157	43.721
Debt Service	51.500	49.507	49.507
Total mill levy	<u>90.664</u>	<u>90.664</u>	<u>93.228</u>
<b>PROPERTY TAXES</b>			
General	\$ 145,907	\$ 165,225	\$ 171,239
Debt Service	191,865	198,747	193,900
Levied property taxes	<u>337,772</u>	<u>363,972</u>	<u>365,139</u>
Adjustments to actual/rounding	-	-	-
Refunds and abatements	(418)	(202)	-
Budgeted property taxes	<u>\$ 337,354</u>	<u>\$ 363,770</u>	<u>\$ 365,139</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	<b>\$ 145,726</b>	<b>\$ 165,134</b>	<b>\$ 171,239</b>
Debt Service	<b>191,628</b>	<b>198,636</b>	<b>193,900</b>
	<u><b>\$ 337,354</b></u>	<u><b>\$ 363,770</b></u>	<u><b>\$ 365,139</b></u>

No assurance provided. See summary of significant assumptions.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
GENERAL FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/7/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ (6,584)	\$ 36,583	\$ 17,809
REVENUES			
Property Taxes	145,726	165,134	171,239
Specific Ownership Taxes	11,163	11,082	11,987
Interest Income	1	10	350
Other Income	11,725	-	-
Total revenues	<u>168,615</u>	<u>176,226</u>	<u>183,576</u>
TRANSFERS IN			
Transfer from Other Fund	<u>1,103</u>	<u>-</u>	<u>-</u>
Total funds available	<u>163,134</u>	<u>212,809</u>	<u>201,385</u>
EXPENDITURES			
General and administrative			
Accounting	28,821	27,000	30,000
Audit	5,000	5,000	5,200
County Treasurer's Fees	2,188	2,477	2,569
District Management	15,916	17,000	20,000
Dues	417	428	500
Election	-	4,206	5,000
Insurance	4,092	4,756	4,800
Legal	27,970	55,000	45,000
Miscellaneous	1,223	8,796	1,500
Contingency	-	-	7,231
Operations and maintenance			
Drainage Maintenance	-	5,000	5,000
Electricity	157	175	200
Fence Repairs	-	14,065	2,000
Irrigation Repairs	1,322	2,000	3,000
Landscape Maintenance	29,965	22,597	28,000
Landscape Improvements	-	8,000	8,000
Snow Removal	1,615	7,500	8,000
Water	7,455	8,500	9,000
Website Maintenance	410	1,000	1,000
Total expenditures	<u>126,551</u>	<u>193,500</u>	<u>186,000</u>
TRANSFERS OUT			
Transfer to Other Fund	<u>-</u>	<u>1,500</u>	<u>5,000</u>
Total expenditures and transfers out requiring appropriation	<u>126,551</u>	<u>195,000</u>	<u>191,000</u>
ENDING FUND BALANCE	<u>\$ 36,583</u>	<u>\$ 17,809</u>	<u>\$ 10,385</u>
Emergency Reserve	\$ 4,800	\$ 5,300	\$ 5,600
Available for Operations	31,783	12,509	4,785
TOTAL RESERVE	<u>\$ 36,583</u>	<u>\$ 17,809</u>	<u>\$ 10,385</u>

No assurance provided. See summary of significant assumptions.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/7/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 4,572	\$ 3,607	\$ 1,507
REVENUES			
Interest income	2	-	-
District Service Fees	17,059	16,400	16,500
Total revenues	<u>17,061</u>	<u>16,400</u>	<u>16,500</u>
TRANSFERS IN			
Transfer from Other Fund	<u>-</u>	<u>1,500</u>	<u>5,000</u>
Total funds available	<u>21,633</u>	<u>21,507</u>	<u>23,007</u>
EXPENDITURES			
General and administrative			
Billing	3,755	4,000	4,600
Operations and maintenance			
Trash Collection	14,271	16,000	18,000
Total expenditures	<u>18,026</u>	<u>20,000</u>	<u>22,600</u>
Total expenditures and transfers out requiring appropriation	<u>18,026</u>	<u>20,000</u>	<u>22,600</u>
ENDING FUND BALANCE	<u>\$ 3,607</u>	<u>\$ 1,507</u>	<u>\$ 407</u>

No assurance provided. See summary of significant assumptions.



**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/7/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 13,617	\$ 22,758	\$ 36,862
<b>REVENUES</b>			
Property Taxes	191,628	198,636	193,900
Specific Ownership Taxes	14,680	13,330	13,573
Interest Income	-	11	118
Other Income	1,200	-	-
Total revenues	207,508	211,977	207,591
Total funds available	221,125	234,735	244,453
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fees	2,876	2,980	2,909
Paying Agent Fees	2,000	2,000	2,000
Contingency	-	-	2,068
Debt Service			
Loan interest - Series 2020	117,388	97,893	95,023
Loan principal - Series 2020	75,000	95,000	100,000
Total expenditures	197,264	197,873	202,000
<b>TRANSFERS OUT</b>			
Transfer to Other Fund	1,103	-	-
Total expenditures and transfers out requiring appropriation	198,367	197,873	202,000
ENDING FUND BALANCE	\$ 22,758	\$ 36,862	\$ 42,453

No assurance provided. See summary of significant assumptions.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
2023 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.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

**Property Taxes (Continued)**

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

**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 7.0% of the property taxes collected.

**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 2023, the estimated fees total \$16,500.

**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 2023 are based on the estimated debt amortization schedule from the 2020 Loan (discussed under Debt and Leases).

**Debt and Leases**

**Taxable (Convertible to Tax-Exempt) Loan, Series 2020**

On December 2, 2020, the District entered into a Loan Agreement with Zions Bancorporation, N.A. d/b/a Vectra Bank Colorado (the "Bank") pertaining to a loan in the maximum amount of \$3,315,000 ("2020 Loan"). The proceeds from the 2020 Loan were used to (i) refund the 2016A Senior Bonds and the 2016B Subordinate Bonds; (ii) pay the Bank's combined loan commitment fee and rate lock fee; (iii) pay the costs of issuing the 2020 Loan; and (iv) pay any remaining proceeds to the Loan Payment Fund.

Prior to the Tax-Exempt Reissuance Date, the 2020 Loan bears interest at the Base Rate of 3.64%. On and after the Tax-Reissuance Date, until the first Interest Reset Date, the Based Rate will be 2.98%. The Tax-Exempt Reissuance Date is the date on which any portion of the 2020 Loan bearing Taxable Interest is reissued for federal income tax purposes for an obligation bearing Tax-Exempt Interest. The Interest Reset Date is December 1, 2040 and every five-year anniversary thereafter until the 2020 Loan is paid.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - (continued)**

**Taxable (Convertible to Tax-Exempt) Loan, Series 2020 (Continued)**

Interest payments are due on June 1 and December 1 of each year, commencing June 1, 2021 ("Interest Payment Dates"). All interest due and payable shall be calculated on the basis of a 360-day year and actual number of days elapsed in the applicable period. Interest not paid when due shall compound on each Interest Payment Date at the then-applicable interest rate.

Principal payments are due December 1 of each year beginning on December 1, 2021. The 2020 Loan matures on December 1, 2045.

At its option, the District may prepay all or any part of the principal of the 2020 Loan upon payment of the principal amount so prepaid, accrued interest thereon, and a Prepayment Fee. On a date prior to the fifth anniversary of the Closing Date the Prepayment Fee is 1% of the principal amount so prepaid provided that there will not be a fee if the 2020 Loan is paid from excess annual revenue resulting from the District's imposition of a Debt Service Mill Levy. On and after the fifth anniversary of the Closing Date, no Prepayment Fee shall apply.

The principal of and interest on the 2020 Loan is payable solely from and to the extent of Pledged Revenue, which consists of (a) the Required Mill Levy; (b) the portion of the Specific Ownership Taxes allocable to the amount of the Required Mill Levy; and (c) any other legally available moneys which the Board determines in its sole discretion to apply as Pledged Revenue.

Prior to the time when the Parity Debt to Assessed Ratio is 50% or less, the Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with moneys held in the Loan Payment Fund, to pay the annual debt requirements for the next fiscal year, but not in excess of 50 mills (subject to adjustment).

In the event the method of calculating assessed valuation is changed after August 6, 2013, the mill levy shall be increased or decreased to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Once the Parity Debt to Assessed Ratio is 50% or less, the Required Mill Levy shall be equal to an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with moneys held in the Loan Payment Fund, to generate property tax revenues of not less than the annual debt requirements for the next fiscal year without limitation of rate.

The District has no operating or capital leases.

**MOUNTAIN'S EDGE METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**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, 2023, the principal and interest amounts due under the OFAs and FFAA are on the attached schedule.

**Reserve Fund**

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2023, as defined under TABOR.

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

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

**\$3,315,000 Taxable (Convertible to Tax-Exempt)  
Loan**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>Series 2020 Interest 2.98% - 5.00% Dated December 2, 2020 Interest Payable June 1 and December 1 Principal Payable December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 100,000	\$ 95,023	\$ 195,023
2024	100,000	92,253	192,253
2025	105,000	88,980	193,980
2026	110,000	85,807	195,807
2027	110,000	82,484	192,484
2028	115,000	79,377	194,377
2029	115,000	75,686	190,686
2030	120,000	72,211	192,211
2031	125,000	68,586	193,586
2032	130,000	64,986	194,986
2033	130,000	60,881	190,881
2034	135,000	56,953	191,953
2035	140,000	52,874	192,874
2036	145,000	48,778	193,778
2037	150,000	44,263	194,263
2038	155,000	39,731	194,731
2039	160,000	35,048	195,048
2040	165,000	30,297	195,297
2041	150,000	42,330	192,330
2042	160,000	34,726	194,726
2043	165,000	26,615	191,615
2044	175,000	18,300	193,300
2045	185,000	9,378	194,378
	<b>\$ 3,145,000</b>	<b>\$ 1,305,567</b>	<b>\$ 4,450,567</b>

**Bond Variable Rate Table**

<b>Begin Date</b>	<b>End Date</b>	<b>Interest Rate</b>
12/02/2020	09/03/2021	3.64%
09/03/2021	12/01/2040	2.98%
12/01/2040	12/01/2045	5.00%

**Mountain's Edge Metropolitan District  
Schedule of Developer Advances**

	Balance at December 31, 2021	Estimated Additions	Estimated Repayments	Estimated Balance at December 31, 2022*
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	928,582	177,824	-	1,106,406
Accrued interest - O&M	72,478	15,462		87,940
	<u>1,001,060</u>	<u>193,286</u>	<u>-</u>	<u>1,194,346</u>
	<u>\$ 3,417,129</u>	<u>\$ 193,286</u>	<u>\$ -</u>	<u>\$ 3,610,415</u>
	Estimated Balance at December 31, 2022*	Estimated Additions	Estimated Repayments	Estimated Balance at December 31, 2023*
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	1,106,406	177,824	-	1,284,230
Accrued interest - O&M	87,940	15,462	-	103,401
	<u>1,194,346</u>	<u>193,286</u>	<u>-</u>	<u>1,387,631</u>
*Estimate	<u>\$ 3,610,415</u>	<u>\$ 193,286</u>	<u>\$ -</u>	<u>\$ 3,803,700</u>

No assurance provided. See summary of significant assumptions.