

**MESA RIDGE METROPOLITAN DISTRICT NO. 2**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2026**

**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
SUMMARY  
2026 BUDGET  
WITH 2024 ACTUAL AND 2025 ESTIMATED  
For the Years Ended and Ending December 31,**

1/14/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 28,113	\$ 239,683	\$ 294,089
REVENUES			
Property taxes	748,177	623,228	632,556
Property taxes - contractual	96,334	105,949	107,534
Specific ownership taxes	79,415	69,248	70,309
Interest income	14,670	2,284	2,300
Other revenue	4,012	-	3,238
Total revenues	<u>942,608</u>	<u>800,709</u>	<u>815,937</u>
Total funds available	<u>970,721</u>	<u>1,040,392</u>	<u>1,110,026</u>
EXPENDITURES			
General Fund	171,756	187,235	210,000
Debt Service Fund	559,282	559,068	588,604
Total expenditures	<u>731,038</u>	<u>746,303</u>	<u>798,604</u>
Total expenditures and transfers out requiring appropriation	<u>731,038</u>	<u>746,303</u>	<u>798,604</u>
ENDING FUND BALANCES	<u>\$ 239,683</u>	<u>\$ 294,089</u>	<u>\$ 311,422</u>
EMERGENCY RESERVE AVAILABLE FOR OPERATIONS	\$ 6,200 28,559	\$ 6,800 64,559	\$ 6,700 74,918
TOTAL RESERVE	<u>\$ 34,759</u>	<u>\$ 71,359</u>	<u>\$ 81,618</u>

See summary of significant assumptions.

**MESA RIDGE METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2026 BUDGET**  
**WITH 2024 ACTUAL AND 2025 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/14/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
<b>ASSESSED VALUATION</b>			
Residential	\$ 12,368,520	\$ 12,367,870	\$ 12,574,340
Commercial	45,190	43,210	35,850
State assessed	42,250	32,500	40,000
Vacant land	800	800	920
Certified Assessed Value	\$ 12,456,760	\$ 12,444,380	\$ 12,651,110
<b>MILL LEVY</b>			
General	6.723	7.000	7.000
Debt Service	53.436	43.000	43.000
Contractual	7.746	8.500	8.500
Total mill levy	67.905	58.500	58.500
<b>PROPERTY TAXES</b>			
General	\$ 83,747	\$ 87,111	\$ 88,558
Debt Service	665,639	535,108	543,998
Contractual	96,490	105,777	107,534
Levied property taxes	845,876	727,996	740,090
Adjustments to actual/rounding	(1,365)	1,181	-
Budgeted property taxes	\$ 844,511	\$ 729,177	\$ 740,090
<b>BUDGETED PROPERTY TAXES</b>			
<b>General</b>	<b>\$ 83,612</b>	<b>\$ 87,252</b>	<b>\$ 88,558</b>
<b>Debt Service</b>	<b>664,565</b>	<b>535,976</b>	<b>543,998</b>
<b>Contractual</b>	<b>96,334</b>	<b>105,949</b>	<b>107,534</b>
	<b>\$ 844,511</b>	<b>\$ 729,177</b>	<b>\$ 740,090</b>

See summary of significant assumptions.

**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
GENERAL FUND  
2026 BUDGET  
WITH 2024 ACTUAL AND 2025 ESTIMATED  
For the Years Ended and Ending December 31,**

1/14/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ -	\$ 34,759	\$ 71,359
<b>REVENUES</b>			
Property taxes	83,612	87,252	88,558
Property taxes - contractual	96,334	105,949	107,534
Specific ownership taxes	16,922	29,010	18,629
Interest income	5,635	1,624	2,300
Other revenue	4,012	-	3,238
Total revenues	206,515	223,835	220,259
Total funds available	206,515	258,594	291,618
<b>EXPENDITURES</b>			
General and administrative			
Accounting	32,200	29,788	31,300
Auditing	4,500	7,900	7,000
County treasurer's fee	1,257	1,310	1,328
County treasurer's fee - contractual	1,449	1,590	1,613
Dues and membership	348	358	500
Insurance	3,865	3,663	4,000
District management	21,718	22,000	23,100
Legal	4,310	2,500	20,000
Miscellaneous	-	1,500	2,000
Intergovernmental expenditures - Cross Creek MD	94,886	104,359	105,921
Election	-	1,767	-
Website	-	3,000	1,000
Contingency	-	-	3,238
Operations and maintenance			
Landscaping	5,315	5,000	6,000
Utilities	1,908	2,500	3,000
Total expenditures	171,756	187,235	210,000
Total expenditures and transfers out requiring appropriation	171,756	187,235	210,000
ENDING FUND BALANCES	\$ 34,759	\$ 71,359	\$ 81,618
EMERGENCY RESERVE	\$ 6,200	\$ 6,800	\$ 6,700
AVAILABLE FOR OPERATIONS	28,559	64,559	74,918
TOTAL RESERVE	\$ 34,759	\$ 71,359	\$ 81,618

See summary of significant assumptions.

**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
DEBT SERVICE FUND  
2026 BUDGET  
WITH 2024 ACTUAL AND 2025 ESTIMATED  
For the Years Ended and Ending December 31,**

1/14/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 28,113	\$ 204,924	\$ 222,730
REVENUES			
Property taxes	664,565	535,976	543,998
Specific ownership taxes	62,493	40,238	51,680
Interest income	9,035	660	-
Total revenues	<u>736,093</u>	<u>576,874</u>	<u>595,678</u>
Total funds available	<u>764,206</u>	<u>781,798</u>	<u>818,408</u>
EXPENDITURES			
General and administrative			
County treasurer's fee	9,985	8,045	8,160
Paying agent fees	4,000	4,000	4,000
Debt Service			
Loan interest	540,297	537,023	536,444
Loan principal	5,000	10,000	40,000
Total expenditures	<u>559,282</u>	<u>559,068</u>	<u>588,604</u>
Total expenditures and transfers out requiring appropriation	<u>559,282</u>	<u>559,068</u>	<u>588,604</u>
ENDING FUND BALANCES	<u>\$ 204,924</u>	<u>\$ 222,730</u>	<u>\$ 229,804</u>

See summary of significant assumptions.

**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
2026 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Mesa Ridge Metropolitan District No. 2 was formed under the Joint Service Plan approved by the City of Fountain, Colorado. The District's service area is located entirely within the City of Fountain, El Paso County, Colorado. The District was established to provide financing to support costs related to services and improvements utilizing the tax base, fees, and charges and will be responsible for managing the design, construction, and operation of the public facilities and improvements. Under the Service Plan, the District provide the following services: water, wastewater, street improvements, safety protection, parks and recreation, mosquito control, television relay and translation, transportation, and drainage.

At an election held on November 2, 2004, the voters approved general indebtedness of \$7,000,000 for street improvements, \$2,000,000 for water supply, \$2,000,000, sanitary sewer, \$1,000,000 for traffic and safety controls, \$3,000,000 for parks and recreation, \$1,000,000 for mosquito control, \$1,000,000 for television relay and translation, \$250,000 for public transportation, and \$20,000,000 for refinancing District debt. The voters also approved an annual increase in taxes of \$500,000 at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District's operations, maintenance, and other expenses. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. Pursuant to the District's combined service plan filed with the city, the maximum debt service mill levy the District can impose is 50.000 mills.

Pursuant to the Service Plan, the Districts are permitted to issue bond indebtedness of up to \$35,000,000.

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 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.

**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
2026 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

**Property Taxes (continued)**

The District is required to impose a maximum Required Mill Levy of 43.000 mills for collection in 2026. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount to pay the principal, premium if any, and interest on the Bonds as the same become due and payable.

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.

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

<b>Category</b>	<b>Rate</b>	<b>Category</b>	<b>Rate</b>
Single-Family Residential	6.25%	Agricultural Land	27.00%
Multi-Family Residential	6.25%	Renewable Energy Land	27.00%
Commercial	27.00%	Vacant Land	27.00%
Industrial	27.00%	Personal Property	27.00%
Lodging	27.00%	State Assessed	27.00%
		Oil & Gas Production	87.50%

**Specific Ownership Tax**

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 9.5% 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 4.00%.

**Expenditures**

**Administrative and Operations Expenditures**

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, landscaping, utilities and other administrative expenses.

**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
2026 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures (continued)**

**County Treasurer's Fees**

County Treasurer's collection fees have been computed at 1.5% of property taxes.

**Intergovernmental Transfers – Cross Creek Metropolitan District**

Per the Intergovernmental Agreement between the District and Cross Creek Metropolitan District, net revenues from the contractual mill levy are transferred to Cross Creek Metropolitan District to help fund the operations and maintenance expenses of the Regional Park.

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedule from the 2023 Loan (discussed under Debt and Leases).

**Debt and Leases**

The District entered into the Limited Tax General Obligation Refunding Loan, Series 2023 with Western Alliance Business Trust (the Lender) dated November 29, 2023, in the amount of \$9,280,000 (the 2023 Loan).

**2023 Loan Details**

The 2023 Loan bears interest at the rate of 5.79% per annum payable semi-annually on June 1 and December 1, beginning on June 1, 2024. Principal payments on the 2023 Loan are due annually on each December 1, beginning on December 1, 2024. The 2023 Loan matures on December 1, 2033, at which time the outstanding principal balance of the 2023 Loan shall be due and payable in full. Interest not paid when due shall not compound.

The 2023 Loan is not subject to early termination or acceleration and does not have any unused lines of credit. No assets have been pledged as collateral on the 2023 Loan.

**Events of Default of the 2023 Loan**

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Loan Agreement and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Loan Agreement. Acceleration of the 2023 Loan shall not be an available remedy for an Event of Default.

**MESA RIDGE METROPOLITAN DISTRICT NO. 2  
2026 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

**2023 Loan Details (continued)**

Optional Prepayment of the 2023 Loan

The 2023 Loan is subject to prepayment prior to maturity, at the option of the District on December 1, 2025, and on any Payment Date of June 1 and December 1 thereafter, upon payment of principal, accrued interest, and a prepayment fee equal to a percentage of the principal amount so prepaid as follows:

Date of Redemption	Redemption Premium
December 1, 2025, through and including June 1, 2026	3.00%
December 1, 2026, and June 1, 2027	2.00
December 1, 2027, and June 1, 2028	1.00
December 1, 2028, and thereafter	0.00

Pledged Revenue

The 2023 Loan is secured by and payable solely from and to the extent of Pledged Revenue derived by the District from the following sources: (a) all Property Tax Revenues generated from the imposition of the Required Mill Levy, net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County; (b) the portion of the Specific Ownership Tax Revenues which is collected as a result of the imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its sole discretion, to apply as Pledged Revenue.

Required Mill Levy

The Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the Annual Debt Requirements for the next Fiscal Year, but not in excess of 45 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2004).

The District has no operating or capital leases.

**Reserves**

**Emergency Reserve**

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2026, as defined under TABOR.

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

**MESA RIDGE METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

	\$9,280,000 Limited Tax General Obligation Refunding Loan Dated November 29, 2023 Interest Rate - 5.790% Interest Payable June 1 and December 1 Principal Payable December 1		
Bonds and Bonds and Interest Maturing in the Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 40,000	\$ 536,444	\$ 576,444
2027	40,000	534,127	574,127
2028	55,000	531,811	586,811
2029	60,000	528,627	588,627
2030	75,000	525,153	600,153
2031	80,000	520,811	600,811
2032	95,000	516,178	611,178
2033	<u>8,820,000</u>	<u>510,678</u>	<u>9,330,678</u>
Total	<u>\$ 9,265,000</u>	<u>\$ 4,203,829</u>	<u>\$ 13,468,829</u>