

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/29/2022

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 979,272	\$ 1,101,472	\$ 1,338,924
REVENUES			
Property taxes	961,196	1,015,277	1,066,605
Specific ownership tax	67,189	65,262	63,997
Interest income	710	8,000	12,000
SARIA revenue	13,703	14,474	17,695
Total revenues	<u>1,042,798</u>	<u>1,103,013</u>	<u>1,160,297</u>
Total funds available	<u>2,022,070</u>	<u>2,204,485</u>	<u>2,499,221</u>
EXPENDITURES			
General and administrative	140,701	141,327	178,000
Operations and maintenance	347,006	282,000	492,000
Debt service	432,891	442,234	450,000
Total expenditures	<u>920,598</u>	<u>865,561</u>	<u>1,120,000</u>
Total expenditures and transfers out requiring appropriation	<u>920,598</u>	<u>865,561</u>	<u>1,120,000</u>
ENDING FUND BALANCES	<u>\$ 1,101,472</u>	<u>\$ 1,338,924</u>	<u>\$ 1,379,221</u>
EMERGENCY RESERVE	\$ 15,500	\$ 16,400	\$ 17,300
OPERATIONS AND MAINTENANCE RESERVE	200,000	200,000	200,000
MAXIMUM RESERVE - SERIES 2018	517,277	517,277	517,277
TOTAL RESERVE	<u>\$ 732,777</u>	<u>\$ 733,677</u>	<u>\$ 734,577</u>

No assurance provided. See summary of significant assumptions.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

11/29/2022

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

ASSESSED VALUATION

Residential - multifamily	\$ 11,585,860	\$ 12,269,400	\$ 11,668,800
State assessed	1,310	10,630	355,590
Vacant land	135,865	135,865	135,865
Personal property	599,982	600,472	1,514,179
Certified Assessed Value	\$ 12,323,017	\$ 13,016,367	\$ 13,674,434

MILL LEVY

General	38.000	38.000	38.000
Debt Service	40.000	40.000	40.000
SARIA	1.112	1.112	1.294
Total mill levy	79.112	79.112	79.294

PROPERTY TAXES

General	\$ 468,275	\$ 494,622	\$ 519,628
Debt Service	492,921	520,655	546,977
SARIA	13,703	14,474	17,695
Levied property taxes	974,899	1,029,751	1,084,300
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
Budgeted property taxes	\$ 974,899	\$ 1,029,751	\$ 1,084,300

BUDGETED PROPERTY TAXES

General	\$ 468,275	\$ 494,622	\$ 519,628
Debt Service	492,921	520,655	546,977
SARIA	13,703	14,474	17,695
	\$ 974,899	\$ 1,029,751	\$ 1,084,300

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

11/29/2022

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 461,946	\$ 489,272	\$ 609,835
REVENUES			
Property taxes	468,275	494,622	519,628
Specific ownership tax	32,733	31,794	31,178
Interest income	322	3,000	5,000
SARIA revenue	13,703	14,474	17,695
Total revenues	<u>515,033</u>	<u>543,890</u>	<u>573,501</u>
Total funds available	<u>976,979</u>	<u>1,033,162</u>	<u>1,183,336</u>
EXPENDITURES			
General and administrative			
Accounting	21,012	24,000	27,000
Auditing	3,600	4,000	4,700
County Treasurer's fee	7,025	7,419	7,794
County Treasurer's Fee (SARIA)	206	217	265
Directors' fees	1,500	1,200	1,500
Dues and licenses	739	644	1,000
Insurance and bonds	23,214	21,491	25,000
District management	38,122	40,000	45,000
Legal services	28,054	25,000	35,000
Miscellaneous	3,616	1,000	8,211
Payment to SARIA	13,498	14,256	17,430
Payroll taxes	115	100	100
Election expense	-	2,000	5,000
Operations and maintenance			
Repairs and maintenance	12,701	25,000	75,000
Landscape maintenance & irrigation	66,700	70,000	50,000
Streets repairs and maintenance	-	-	30,000
Street lighting	2,610	10,000	10,000
Utilities	19,486	32,000	35,000
Detention pond	52,191	10,000	45,000
Security	-	-	30,000
Snow removal	1,183	10,000	12,000
Landscape Architect	19,228	30,000	20,000
Murphy Creek Trail	-	-	50,000
Tree replacement/arborist/tree care program	61,490	35,000	35,000
Landscape renovation	111,417	10,000	-
Monument	-	50,000	100,000
Total expenditures	<u>487,707</u>	<u>423,327</u>	<u>670,000</u>
Total expenditures and transfers out requiring appropriation	<u>487,707</u>	<u>423,327</u>	<u>670,000</u>
ENDING FUND BALANCES	<u>489,272</u>	<u>609,835</u>	<u>513,336</u>
EMERGENCY RESERVE	\$ 15,500	\$ 16,400	\$ 17,300
OPERATIONS AND MAINTENANCE RESERVE	200,000	200,000	200,000
TOTAL RESERVE	<u>\$ 215,500</u>	<u>\$ 216,400</u>	<u>\$ 217,300</u>

No assurance provided. See summary of significant assumptions.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

11/29/2022

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 517,326	\$ 612,200	\$ 729,089
REVENUES			
Property taxes	492,921	520,655	546,977
Specific ownership tax	34,456	33,468	32,819
Interest income	388	5,000	7,000
Total revenues	<u>527,765</u>	<u>559,123</u>	<u>586,796</u>
Total funds available	<u>1,045,091</u>	<u>1,171,323</u>	<u>1,315,885</u>
EXPENDITURES			
Debt Service			
County Treasurer's fee	7,395	7,810	8,205
Contingency	-	-	8,199
Loan interest - Series 2018A	96,390	91,644	86,688
Loan interest - Series 2018B	113,106	108,780	103,908
Loan principal - Series 2018A	113,000	118,000	123,000
Loan principal - Series 2018B	103,000	116,000	120,000
Total expenditures	<u>432,891</u>	<u>442,234</u>	<u>450,000</u>
Total expenditures and transfers out requiring appropriation	<u>432,891</u>	<u>442,234</u>	<u>450,000</u>
ENDING FUND BALANCES	<u>\$ 612,200</u>	<u>\$ 729,089</u>	<u>\$ 865,885</u>
MAXIMUM RESERVE - SERIES 2018	<u>\$ 517,277</u>	<u>\$ 517,277</u>	<u>\$ 517,277</u>
TOTAL RESERVE	<u>\$ 517,277</u>	<u>\$ 517,277</u>	<u>\$ 517,277</u>

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized by court order dated December 3, 2002, to provide financing for the design, acquisition, construction and installation of essential public-purpose facilities such as water, streets, traffic and safety controls, parks, open space and recreation, and sewer and drainage facilities, and the operation and maintenance of the District. The District's service area is located entirely in Arapahoe County, Colorado in the City of Aurora.

The District operates under the Service Plan as approved by the City of Aurora.

On November 5, 2002, the electorate authorized general obligation debt in the amount of \$22,400,000. Debt is subject to the terms of the Service Plan. On November 5, 2002, the electorate also approved the removal of limitations imposed by the TABOR Amendment and any other law that purports to limit the District's revenue or expenditures and a \$630,000 annual property tax increase for operations.

Pursuant to the District's Service Plan, the amount of debt that can be issued is \$40,000,000.

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 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.

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%.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2023 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 6% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an interest rate of approximately 2%.

Expenditures

Administrative and Operating Expenditures

Administrative and operating 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, meeting expense, and other administrative expenses.

County Treasurer's Collection Fees

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

Series 2018 Refunding Loan

On April 13, 2018, the District refunded its General Obligation Bonds, Series 2010A and Limited Tax Obligation Subordinate Bonds, Series 2010B, by the issuance of \$2,510,000 Taxable (convertible to tax-exempt on December 1, 2020) Refunding Loan, Series 2018A, and \$3,181,000 Tax-Exempt Refunding Loan, Series 2018B. Series 2018A Loan is due December 1, 2035, at interest rates of 5.200% through December 1, 2020 and 4.200% through December 1, 2035. Series 2018B Loan is due December 1, 2035, at an interest rate of 4.200%. The proceeds of Series 2018A were used to establish an irrevocable trust account (the "Refunding Escrow") to refund Series 2010A on December 1, 2020, which is the date they may be redeemed prior to their maturity. The proceeds of Series 2018B were used to pay the principal and interest on the Series 2010B at the call date of April 13, 2018.

Interest payments on Series 2018 Refunding Loan (the "Loan") are due June 1 and December 1 of each year, commencing June 1, 2018. All interest due and payable shall be calculated on the basis of a 360-day year of twelve 30-day months. Interest not paid when due shall compound on each June 1 and December 1 at the then-applicable interest rate. The District may prepay all or part of the principal of either or both of the Loan coming due on any December 1, upon two business days' prior written notice to NBH Bank (the "Lender") of the amount of such prepayment, plus payment of the applicable prepayment fee, if any, in minimum increments of \$500,000. A prepayment fee may be due as a condition of such prepayment, which shall be calculated pursuant to the Loan Agreement.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Series 2018 Refunding Loan (continued)

The Loan is payable from Pledged Revenues, including the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt service payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the required mill levy; and other legally available moneys which the Board determines in its sole discretion. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of and interest on the Loan when due, and if necessary, an amount sufficient to fund or replenish the Reserve Fund to the amount of \$517,277 (the "Maximum Reserve Fund Amount"). For so long as the Reserve Fund is less than the Maximum Reserve Fund Amount, such mill levy shall not be less than 50.000 mills (subject to adjustment for changes occurring in the method of calculating assessed valuation). The maximum required mill levy has been adjusted upwards to 55.651 mills.

Debt and Leases

The District's current debt service schedules are attached. The District has no operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2023, as defined under TABOR when actual revenue is received.

This information is an integral part of the accompanying budget.

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

\$2,510,000 Taxable (Convertible to Tax-Exempt) Refunding Loan

Series 2018A

Dated April 14, 2018

Principal due December 1

Interest Rate 4.200% - 5.200% Payable

June 1 and December 1

Year Ended December 31,	Principal	Interest	Total
2023	\$ 123,000	\$ 86,688	\$ 209,688
2024	128,000	81,522	209,522
2025	133,000	76,146	209,146
2026	139,000	70,560	209,560
2027	144,000	64,722	208,722
2028	151,000	58,674	209,674
2029	157,000	52,322	209,322
2030	163,000	45,738	208,738
2031	170,000	38,892	208,892
2032	177,000	31,752	208,752
2033	185,000	24,318	209,318
2034	193,000	16,548	209,548
2035	201,000	8,442	209,442
	<u>\$ 2,064,000</u>	<u>\$ 656,324</u>	<u>\$ 2,720,324</u>

No assurance provided. See summary of significant assumptions.

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

\$3,181,000 Tax-Exempt Refunding Loan

Series 2018B

Dated April 14, 2018

Principal due December 1

Interest Rate 4.200% Payable

December 15

Year Ended December 31,	Principal	Interest	Total
2023	\$ 120,000	\$ 103,908	\$ 223,908
2024	134,000	98,868	232,868
2025	140,000	93,240	233,240
2026	155,000	87,360	242,360
2027	162,000	80,850	242,850
2028	177,000	74,046	251,046
2029	184,000	66,612	250,612
2030	202,000	58,884	260,884
2031	210,000	50,400	260,400
2032	228,000	41,580	269,580
2033	237,000	32,004	269,004
2034	257,000	22,050	279,050
2035	268,000	11,256	279,256
	<u>\$ 2,474,000</u>	<u>\$ 821,058</u>	<u>\$ 3,295,058</u>

No assurance provided. See summary of significant assumptions.

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 243,000	\$ 190,596	\$ 433,596
2024	262,000	180,390	442,390
2025	273,000	169,386	442,386
2026	294,000	157,920	451,920
2027	306,000	145,572	451,572
2028	328,000	132,720	460,720
2029	341,000	118,934	459,934
2030	365,000	104,622	469,622
2031	380,000	89,292	469,292
2032	405,000	73,332	478,332
2033	422,000	56,322	478,322
2034	450,000	38,598	488,598
2035	469,000	19,698	488,698
	<u>\$ 4,538,000</u>	<u>\$ 1,477,382</u>	<u>\$ 6,015,382</u>

No assurance provided. See summary of significant assumptions.