

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2026

SOUTHLANDS 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	\$ 1,823,759	\$ 2,233,982	\$ 2,620,906
REVENUES			
Property taxes	1,051,328	1,065,605	832,662
Specific ownership taxes	63,101	57,800	45,797
SARIA revenue	20,439	18,288	17,278
Interest Income	121,675	113,000	90,000
Other Revenue	7,021	-	-
Total revenues	<u>1,263,564</u>	<u>1,254,693</u>	<u>985,737</u>
Total funds available	<u>3,087,323</u>	<u>3,488,675</u>	<u>3,606,643</u>
EXPENDITURES			
General and administrative	174,329	177,506	192,000
Operations and maintenance	236,622	242,000	345,000
Debt service	442,390	448,263	470,000
Total expenditures	<u>853,341</u>	<u>867,769</u>	<u>1,007,000</u>
Total expenditures and transfers out requiring appropriation	<u>853,341</u>	<u>867,769</u>	<u>1,007,000</u>
ENDING FUND BALANCES	<u><u>\$ 2,233,982</u></u>	<u><u>\$ 2,620,906</u></u>	<u><u>\$ 2,599,643</u></u>
EMERGENCY RESERVE	\$ 23,800	\$ 23,900	\$ 17,400
OPERATIONS AND MAINTENANCE RESERVE	500,000	500,000	1,000,000
MAXIMUM RESERVE - SERIES 2018	517,277	517,277	517,277
TOTAL RESERVE	<u><u>\$ 1,041,077</u></u>	<u><u>\$ 1,041,177</u></u>	<u><u>\$ 1,534,677</u></u>

See summary of significant assumptions.

SOUTHLANDS 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
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ASSESSED VALUATION

Residential	\$ 13,406,030	\$ 13,406,030	\$ 11,925,000
State assessed	349,830	383,800	325,790
Vacant land	130,712	130,712	126,495
Personal property	1,573,831	1,750,526	1,500,416
Certified Assessed Value	\$ 15,460,403	\$ 15,671,068	\$ 13,877,701

MILL LEVY

General	43.000	43.000	43.000
Debt Service	25.000	25.000	25.000
SARIA	1.322	1.167	1.245
Temporary Mill Levy Reduction	0.000	0.000	(8.000)
Total mill levy	69.322	69.167	61.245

PROPERTY TAXES

General	\$ 664,797	\$ 673,856	\$ 596,741
Debt Service	386,510	391,777	346,943
SARIA	20,439	18,288	17,278
Temporary Mill Levy Reduction	-	-	(111,022)
Levied property taxes	1,071,746	1,083,921	849,940
Adjustments to actual/rounding	21	-	-
Refunds and abatements	-	(28)	-
Budgeted property taxes	\$ 1,071,767	\$ 1,083,893	\$ 849,940

BUDGETED PROPERTY TAXES

General	\$ 664,810	\$ 673,838	\$ 485,719
Debt Service	386,518	391,767	346,943
SARIA	20,439	18,288	17,278
\$ 1,071,767	\$ 1,083,893	\$ 849,940	

**SOUTHLANDS 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	\$ 886,952	\$ 1,274,878	\$ 1,648,998
REVENUES			
Property taxes	664,810	673,838	485,719
Specific ownership taxes	39,902	36,500	26,715
Interest Income	60,907	65,000	50,000
SARIA revenue	20,439	18,288	17,278
Other Revenue	7,021	-	-
Total revenues	<u>793,079</u>	<u>793,626</u>	<u>579,712</u>
Total funds available	<u>1,680,031</u>	<u>2,068,504</u>	<u>2,228,710</u>
EXPENDITURES			
General and administrative			
Accounting	26,463	28,000	30,000
Auditing	6,500	7,031	8,000
County Treasurer's Fee	9,972	10,108	7,286
County Treasurer's fee (SARIA)	307	274	259
Directors' fees	1,700	1,500	2,500
Dues and Membership	682	661	1,000
Insurance	26,566	27,798	32,000
District management	37,519	35,000	40,000
Legal	32,068	35,000	40,000
Miscellaneous	6,491	2,000	13,736
Payment to SARIA	20,133	18,014	17,019
Payroll taxes	130	120	200
Election	-	12,000	-
Operations and maintenance			
Repairs and maintenance	38,418	40,000	75,000
Landscaping	41,190	55,000	55,000
Landscape renovation	1,849	20,000	20,000
Detention pond	11,050	45,000	60,000
Tree replacement/arborist/tree care program	15,770	22,000	25,000
Security	-	-	30,000
Monument	46,909	-	-
Murphy creek trail	50,000	-	-
Holiday Lights	-	-	5,000
Street Repair and Maintenance	-	10,000	10,000
Street lighting	150	10,000	10,000
Snow removal	10,878	15,000	25,000
Utilities	20,408	25,000	30,000
Total expenditures	<u>405,153</u>	<u>419,506</u>	<u>537,000</u>
Total expenditures and transfers out requiring appropriation	<u>405,153</u>	<u>419,506</u>	<u>537,000</u>
ENDING FUND BALANCES	<u>\$ 1,274,878</u>	<u>\$ 1,648,998</u>	<u>\$ 1,691,710</u>
EMERGENCY RESERVE	\$ 23,800	\$ 23,900	\$ 17,400
OPERATIONS AND MAINTENANCE RESERVE	500,000	500,000	1,000,000
TOTAL RESERVE	<u>\$ 523,800</u>	<u>\$ 523,900</u>	<u>\$ 1,017,400</u>

See summary of significant assumptions.

SOUTHLANDS 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	\$ 936,807	\$ 959,104	\$ 971,908
REVENUES			
Property taxes	386,518	391,767	346,943
Specific ownership taxes	23,199	21,300	19,082
Interest Income	60,768	48,000	40,000
Total revenues	<u>470,485</u>	<u>461,067</u>	<u>406,025</u>
Total funds available	<u>1,407,292</u>	<u>1,420,171</u>	<u>1,377,933</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	5,798	5,877	5,204
Contingency	-	-	12,876
Debt Service			
Loan Interest Series 2018A	81,522	76,146	70,560
Loan Interest Series 2018B	98,868	93,240	87,360
Loan Principal Series 2018A	128,000	133,000	139,000
Loan Principal Series 2018B	134,000	140,000	155,000
Total expenditures	<u>448,188</u>	<u>448,263</u>	<u>470,000</u>
Total expenditures and transfers out requiring appropriation	<u>448,188</u>	<u>448,263</u>	<u>470,000</u>
ENDING FUND BALANCES	<u><u>\$ 959,104</u></u>	<u><u>\$ 971,908</u></u>	<u><u>\$ 907,933</u></u>
MAXIMUM RESERVE - SERIES 2018	<u><u>\$ 517,277</u></u>	<u><u>\$ 517,277</u></u>	<u><u>\$ 517,277</u></u>
TOTAL RESERVE	<u><u>\$ 517,277</u></u>	<u><u>\$ 517,277</u></u>	<u><u>\$ 517,277</u></u>

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2026 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.

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

Revenues (continued)

Property Taxes (continued)

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

Category	Rate	Category	Rate
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 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 5.5% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on historical interest earnings.

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.

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

Expenditures (continued)

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.

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 62.276 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 2026, 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
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
	\$ 1,680,000	\$ 411,968	\$ 2,091,968

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

<u>Year Ended December 31,</u>	Principal	Interest	Total
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>\$ 2,080,000</u>	<u>\$ 525,042</u>	<u>\$ 2,605,042</u>

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

<u>Year Ended December 31,</u>	Principal	Interest	Total
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>\$ 3,760,000</u>	<u>\$ 937,010</u>	<u>\$ 4,697,010</u>