

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2022**

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2  
SUMMARY  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

12/3/2021

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 993,265	\$ 979,272	\$ 1,004,401
REVENUES			
Property taxes	936,025	961,196	1,015,277
Specific ownership tax	71,391	67,000	71,070
Interest income	7,976	700	900
SARIA revenue	13,344	13,703	14,474
Total revenues	<u>1,028,736</u>	<u>1,042,599</u>	<u>1,101,721</u>
Total funds available	<u>2,022,001</u>	<u>2,021,871</u>	<u>2,106,122</u>
EXPENDITURES			
General and administrative	142,285	154,580	173,000
Operations and maintenance	466,278	430,000	522,000
Debt service	434,166	432,890	450,000
Total expenditures	<u>1,042,729</u>	<u>1,017,470</u>	<u>1,145,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,042,729</u>	<u>1,017,470</u>	<u>1,145,000</u>
ENDING FUND BALANCES	<u>\$ 979,272</u>	<u>\$ 1,004,401</u>	<u>\$ 961,122</u>
EMERGENCY RESERVE	\$ 14,000	\$ 15,500	\$ 16,400
OPERATIONS AND MAINTENANCE RESERVE	200,000	200,000	200,000
TOTAL RESERVE	<u>\$ 214,000</u>	<u>\$ 215,500</u>	<u>\$ 216,400</u>

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/3/2021

ACTUAL	ESTIMATED	BUDGET
2020	2021	2022

**ASSESSED VALUATION**

Residential	\$ 12,319,450	\$ 11,585,860	\$ 12,269,400
State assessed	60	1,310	10,630
Vacant land	135,865	135,865	135,865
Personal property	278,853	599,982	600,472
Certified Assessed Value	\$ 12,734,228	\$ 12,323,017	\$ 13,016,367

**MILL LEVY**

General	33.000	38.000	38.000
Debt Service	45.000	40.000	40.000
SARIA	1.112	1.112	1.112
Total mill levy	79.112	79.112	79.112

**PROPERTY TAXES**

General	\$ 420,230	\$ 468,275	\$ 494,622
Debt Service	573,040	492,921	520,655
SARIA	14,160	13,703	14,474
Levied property taxes	1,007,430	974,899	1,029,751
Adjustments to actual/rounding	(58,061)		-
Budgeted property taxes	\$ 949,369	\$ 974,899	\$ 1,029,751

**BUDGETED PROPERTY TAXES**

<b>General</b>	<b>\$ 396,011</b>	<b>\$ 468,275</b>	<b>\$ 494,622</b>
<b>Debt Service</b>	<b>540,014</b>	<b>492,921</b>	<b>520,655</b>
<b>SARIA</b>	<b>13,344</b>	<b>13,703</b>	<b>14,474</b>
	<b>\$ 949,369</b>	<b>\$ 974,899</b>	<b>\$ 1,029,751</b>

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/3/2021

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 626,580	\$ 461,946	\$ 392,244
<b>REVENUES</b>			
Property taxes	396,011	468,275	494,622
Specific ownership tax	30,236	32,600	34,624
Interest income	4,338	300	300
SARIA revenue	13,344	13,703	14,474
Total revenues	443,929	514,878	544,020
Total funds available	1,070,509	976,824	936,264
<b>EXPENDITURES</b>			
General and administrative			
Accounting	22,027	22,000	25,000
Auditing	3,500	3,600	4,000
County Treasurer's fee	5,940	7,024	7,419
County Treasurer's fee (SARIA)	200	205	217
Directors' fees	1,300	1,500	1,500
Dues and licenses	765	739	1,000
Insurance and bonds	23,175	22,914	25,000
District management	43,221	42,000	45,000
Legal services	23,858	35,000	38,000
Miscellaneous	3,646	4,000	8,507
Payment to SARIA	13,144	13,498	14,257
Payroll taxes	99	100	100
Election expense	1,410	2,000	3,000
Operations and maintenance			
Repairs and maintenance	4,933	20,000	25,000
Landscape maintenance & irrigation	62,957	75,000	70,000
Street repairs and striping	-	-	30,000
Street lighting	67,839	10,000	10,000
Utilities	17,620	20,000	22,000
Detention pond	508	50,000	100,000
Security	-	-	30,000
Snow removal	715	5,000	10,000
Playground improvements	296,010	-	-
Landscape architect	15,696	20,000	30,000
Murphy Creek Trail	-	-	50,000
Tree replacement/arborist/tree care program	-	70,000	35,000
Landscape renovation	-	160,000	10,000
Monument & shade shelters	-	-	100,000
Total expenditures	608,563	584,580	695,000
Total expenditures and transfers out requiring appropriation	608,563	584,580	695,000
ENDING FUND BALANCES	461,946	392,244	241,264
EMERGENCY RESERVE	\$ 14,000	\$ 15,500	\$ 16,400
OPERATIONS AND MAINTENANCE RESERVE	200,000	200,000	200,000
TOTAL RESERVE	\$ 214,000	\$ 215,500	\$ 216,400

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/3/2021

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 366,685	\$ 517,326	\$ 612,157
REVENUES			
Property taxes	540,014	492,921	520,655
Specific ownership tax	41,155	34,400	36,446
Interest income	3,638	400	600
Total revenues	<u>584,807</u>	<u>527,721</u>	<u>557,701</u>
Total funds available	<u>951,492</u>	<u>1,045,047</u>	<u>1,169,858</u>
EXPENDITURES			
Debt Service			
County Treasurer's fee	8,100	7,394	7,810
Contingency	-	-	7,766
Loan interest - Series 2018A	123,760	96,390	91,644
Loan interest - Series 2018B	117,306	113,106	108,780
Loan principal - Series 2018A	85,000	113,000	118,000
Loan principal - Series 2018B	100,000	103,000	116,000
Total expenditures	<u>434,166</u>	<u>432,890</u>	<u>450,000</u>
Total expenditures and transfers out requiring appropriation	<u>434,166</u>	<u>432,890</u>	<u>450,000</u>
ENDING FUND BALANCES	<u>\$ 517,326</u>	<u>\$ 612,157</u>	<u>\$ 719,858</u>

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2  
2022 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  
2022 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 7% 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 0.1%.

**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  
2022 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 2022, 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**

<b>Year Ended December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 118,000	\$ 91,644	\$ 209,644
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
	<b>\$ 2,182,000</b>	<b>\$ 747,968</b>	<b>\$ 2,929,968</b>

No assurance provided. See summary of significant assumption.

**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**

<b>Year Ended December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 116,000	\$ 108,780	\$ 224,780
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
	<b>\$ 2,590,000</b>	<b>\$ 929,838</b>	<b>\$ 3,519,838</b>

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

<b><u>Year Ended</u></b> <b><u>December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2022	\$ 234,000	\$ 200,424	\$ 434,424
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
	<b><u>\$ 4,772,000</u></b>	<b><u>\$ 1,677,806</u></b>	<b><u>\$ 6,449,806</u></b>

No assurance provided. See summary of significant assumption.