

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

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

1/3/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 462,053	\$ 556,288	\$ 581,583
REVENUES			
Property taxes	38,935	50,138	50,444
Specific ownership taxes	70,192	84,212	84,423
Interest income	276	9,125	14,000
TIF revenue from DURA	1,251,307	1,610,085	1,613,454
Transfers from District No. 1	161,528	-	-
Total revenues	<u>1,522,238</u>	<u>1,753,560</u>	<u>1,762,321</u>
Total funds available	<u>1,984,291</u>	<u>2,309,848</u>	<u>2,343,904</u>
EXPENDITURES			
General Fund	397,519	575,195	510,500
Debt Service Fund	1,030,484	1,153,070	1,159,983
Total expenditures	<u>1,428,003</u>	<u>1,728,265</u>	<u>1,670,483</u>
Total expenditures and transfers out requiring appropriation	<u>1,428,003</u>	<u>1,728,265</u>	<u>1,670,483</u>
ENDING FUND BALANCES	<u>\$ 556,288</u>	<u>\$ 581,583</u>	<u>\$ 673,421</u>
EMERGENCY RESERVE	\$ 15,900	\$ 14,200	\$ 18,200
STREETSCAPE/PLAZA/PLD RESERVE	25,000	12,849	103,666
AVAILABLE FOR OPERATIONS	90,436	-	-
TOTAL RESERVE	<u>\$ 131,336</u>	<u>\$ 27,049</u>	<u>\$ 121,866</u>

No assurance provided. See summary of significant assumptions.

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

1/3/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Residential	\$ 25,183,650	\$ 32,975,290	\$ -
Residential - Single Family	-	-	4,428,970
Residential - Multi Family	-	-	30,752,190
Commercial	9,404,630	11,375,060	8,164,200
State assessed	374,330	501,600	261,900
Personal Property	-	594,550	1,206,210
Vacant land	152,420	6,790	6,790
	<u>35,115,030</u>	<u>45,453,290</u>	<u>44,820,260</u>
Less TIF District Increment	(34,063,019)	(44,114,115)	(43,481,227)
Certified Assessed Value	<u>\$ 1,052,011</u>	<u>\$ 1,339,175</u>	<u>\$ 1,339,033</u>
MILL LEVY			
General	10.000	10.000	13.000
Debt Service	27.039	27.054	24.672
Total mill levy	<u>37.039</u>	<u>37.054</u>	<u>37.672</u>
PROPERTY TAXES			
General	\$ 10,520	\$ 13,392	\$ 17,407
Debt Service	28,445	36,230	33,037
Levied property taxes	<u>38,965</u>	<u>49,622</u>	<u>50,444</u>
Adjustments to actual/rounding	(30)	516	-
Budgeted property taxes	<u>\$ 38,935</u>	<u>\$ 50,138</u>	<u>\$ 50,444</u>
BUDGETED PROPERTY TAXES			
General	\$ 10,512	\$ 13,532	\$ 17,407
Debt Service	28,423	36,606	33,037
	<u>\$ 38,935</u>	<u>\$ 50,138</u>	<u>\$ 50,444</u>

No assurance provided. See summary of significant assumptions.

**SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ 131,336	\$ 27,049
REVENUES			
Property taxes	10,512	13,532	17,407
Specific ownership taxes	18,951	22,727	29,133
Interest income	29	125	2,000
TIF revenue from DURA	337,835	434,524	556,777
Transfers from District No. 1	161,528	-	-
Total revenues	528,855	470,908	605,317
Total funds available	528,855	602,244	632,366
EXPENDITURES			
General and administrative			
Accounting	5,543	42,000	45,000
Auditing	-	4,500	5,000
Contingency	-	-	8,089
County Treasurer's fee	106	140	161
Denver Special District Fee	-	3,000	3,000
District management	6,797	36,500	40,000
Dues and licenses	-	771	750
Election expense	-	3,899	5,000
Engineering	1,000	10,000	10,000
Insurance and bonds	-	5,785	8,000
Legal services	8,180	25,000	27,000
Miscellaneous	67	1,100	1,000
Transfer to District No. 1	362,441	-	-
Operations and maintenance			
CDS Vault Maintenance	-	15,000	15,000
Landscaping	3,900	270,000	94,000
Streetscape/Plaza/PLD Maintenance	9,221	54,500	195,500
Repairs and maintenance	-	5,000	5,000
Snow removal	-	85,000	40,000
Utilities - irrigation	43	12,000	7,000
Utilities - electric	221	1,000	1,000
Total expenditures	397,519	575,195	510,500
Total expenditures and transfers out requiring appropriation	397,519	575,195	510,500
ENDING FUND BALANCE	\$ 131,336	\$ 27,049	\$ 121,866
EMERGENCY RESERVE	\$ 15,900	\$ 14,200	\$ 18,200
STREETSCAPE/PLAZA/PLD RESERVE	25,000	12,849	103,666
AVAILABLE FOR OPERATIONS	90,436	-	-
TOTAL RESERVE	\$ 131,336	\$ 27,049	\$ 121,866

No assurance provided. See summary of significant assumptions.

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

1/3/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 462,053	\$ 424,952	\$ 554,534
REVENUES			
Property taxes	28,423	36,606	33,037
Specific ownership taxes	51,241	61,485	55,290
Interest income	247	9,000	12,000
TIF revenue from DURA	913,472	1,175,561	1,056,677
Total revenues	<u>993,383</u>	<u>1,282,652</u>	<u>1,206,210</u>
Total funds available	<u>1,455,436</u>	<u>1,707,604</u>	<u>1,760,744</u>
EXPENDITURES			
Debt Service			
Contingency	-	-	5,926
County Treasurer's fee	284	370	357
Bond interest - 2019	877,200	869,700	855,700
Debt principal - 2019 loan	150,000	280,000	295,000
Paying agent fees	3,000	3,000	3,000
Total expenditures	<u>1,030,484</u>	<u>1,153,070</u>	<u>1,159,983</u>
Total expenditures and transfers out requiring appropriation	<u>1,030,484</u>	<u>1,153,070</u>	<u>1,159,983</u>
ENDING FUND BALANCE	<u>\$ 424,952</u>	<u>\$ 554,534</u>	<u>\$ 600,761</u>

No assurance provided. See summary of significant assumptions.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
2023 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City and County of Denver, Colorado on January 16, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City and County of Denver on August 5, 2013. The District's service area is located entirely within the City and County of Denver, Colorado.

The District was organized in conjunction with South Sloan's Lake Metropolitan District No. 1 ("District No. 1", collectively, the "Districts"). The Districts were established to provide financing for the acquisition, construction, completion, and operation and maintenance of public improvements, including all streets, traffic and safety, water, sanitation, storm drainage, transportation, mosquito control, and park and recreation facilities.

Through 2021, District No. 1 served as the Coordinating District and provided for the construction, design, operation and maintenance of the Districts' public improvements, as well as the overall administration of the Districts. Beginning in 2022, the District will operate independently. The District applies tax collections and other revenue to the payment of (i) the acquisition, construction, and financing of public improvements; and (ii) the costs of administration, operation, and maintenance of the public improvements that are owned, operated, and/or maintained by the District.

On November 5, 2013, the District's voters authorized total indebtedness of \$50,000,000 for each of the following listed facilities; street improvements, water, storm or sanitary sewer, parks and recreation, traffic and safety control, mosquito control, public transportation, and operations and maintenance. Voters also authorized indebtedness of \$50,000,000 for refunding of debt and \$50,000,000 for intergovernmental contracts. Pursuant to the Service Plan, each District shall not issue debt in an aggregate amount in excess of \$50,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted. The election also approved an annual increase in ad valorem property taxes of \$50,000,000 and an increase in fees of \$50,000,000 to pay the District's operation and maintenance costs. The electors further authorized an increase in fees of \$50,000,000 to pay expenses pursuant to intergovernmental agreements.

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.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
2023 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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.

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 26.40% from 29.00%. Producing oil and gas remains at 87.50%. All other nonresidential property stays at 29.00%.

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.

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 5.00% of the property taxes collected by the District and by DURA.

TIF Revenue from DURA

Pursuant to a cooperation agreement with Denver Urban Renewal Authority ("DURA"), DURA remits the portion of revenues which it receives as a result of Tax Increment Revenues attributable to the District's current mill levy to the District.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 1.00% of property tax collections.

Transfer to District No. 1

The District is obligated to impose an operating mill levy and remit property taxes derived from such mill levy, together with specific ownership taxes applicable to property within the District, to the Coordinating District for payment of administration, operations and maintenance costs for both Districts.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
2023 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures (Continued)

Debt Service

Principal and interest payments in 2023 are provided based on the attached debt amortization schedule of the 2019 Loan.

Debt and Leases

The District issued the Bonds on December 10, 2019, in the amount of \$22,815,000. Proceeds from the sale of the Bonds were used for the purposes of (a) refunding in full the District's 2016 Loan, (b) paying a portion of the costs of capital infrastructure improvements, (c) funding capitalized interest, (d) funding the Reserve Fund, and (e) paying the costs of issuing the Bonds.

The Bonds bear interest at rates ranging from 3.00% to 5.00% and are payable semiannually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Bonds mature on December 1, 2049.

The Bonds are subject to redemption prior to maturity at the option of the District on any date, on and after December 1, 2029, in whole or in part, upon payment of a redemption price equal to the principal amount of Bonds to be redeemed, plus interest accrued to the redemption date.

To the extent principal of any bond is not paid when due, such principal shall remain outstanding and continue to bear interest until paid. To the extent interest on any bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Bond. The District shall not be obligated to pay more than the amount permitted by law and the District's electoral authorization in repayment of the Bonds.

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, consisting of (a) Property Tax Revenue, (b) Specific Ownership Tax Revenue, and (c) any other legally available moneys that the District determines, in its absolute discretion, to credit to the Revenue Fund.

The District has covenanted to levy the Required Mill Levy upon all property subject to taxation by the District in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, but not in excess of 50 mills as adjusted for changes in the method of calculating assessed valuation after January 1, 2013. An increase or decrease to the Required Mill Levy is to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the applicable 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. The District certified 27.275 mills as the Required Mill Levy for 2022 (collection year 2023).

The Bonds are further secured by the Reserve Fund in the amount of the Reserve Requirement of \$1,517,000. The Reserve Fund is funded with a surety policy issued by Assured Guaranty Municipal Corp., a New York stock insurance company ("AGM").

AGM also issued its Municipal Bond Insurance Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds.

**SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
2023 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

The District also receives incremental property taxes from DURA which are pledged to the payment of the Bonds.

The District has no operating or capital leases.

Reserves

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% of fiscal year spending. Since substantially all operating funds received by the District are transferred to District No. 1, which pays for all Districts' operations and maintenance costs, an emergency reserve is not reflected in the District's Budget.

This information is an integral part of the accompanying budget.

**SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	Limited Tax General Obligation Bonds		
	Initial Funded Amount		
	\$22,815,000		
	Interest Rate of 3.00 - 5.00%		
	Payable June 1 and December 1		
	Principal Due December 1		
Principal	Interest	Total	
2023	\$ 295,000	\$ 855,700	\$ 1,150,700
2024	355,000	840,950	1,195,950
2025	375,000	823,200	1,198,200
2026	415,000	804,450	1,219,450
2027	435,000	783,700	1,218,700
2028	485,000	761,950	1,246,950
2029	505,000	737,700	1,242,700
2030	555,000	712,450	1,267,450
2031	580,000	690,250	1,270,250
2032	630,000	667,050	1,297,050
2033	655,000	641,850	1,296,850
2034	705,000	615,650	1,320,650
2035	735,000	587,450	1,322,450
2036	790,000	558,050	1,348,050
2037	820,000	526,450	1,346,450
2038	880,000	493,650	1,373,650
2039	915,000	458,450	1,373,450
2040	980,000	421,850	1,401,850
2041	1,020,000	382,650	1,402,650
2042	1,085,000	341,850	1,426,850
2043	1,130,000	298,450	1,428,450
2044	1,205,000	253,250	1,458,250
2045	1,255,000	205,050	1,460,050
2046	1,320,000	167,400	1,487,400
2047	1,360,000	127,800	1,487,800
2048	1,430,000	87,000	1,517,000
2049	1,470,000	44,100	1,514,100
	\$ 22,385,000	\$ 13,888,350	\$ 36,273,350

No assurance provided. See summary of significant assumptions.