

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2021**

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2  
SUMMARY  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

1/15/21

|   | ACTUAL<br>2019      | ESTIMATED<br>2020   | BUDGET<br>2021      |
|---|---------------------|---------------------|---------------------|
| BEGINNING FUND BALANCES   | \$ 1,006,677        | \$ 1,153,739        | \$ 1,462,067        |
| REVENUES  |                     |                     |                     |
| Property taxes  | 952,695             | 1,108,453           | 1,114,608           |
| Specific ownership tax  | 74,689              | 78,600              | 33,100              |
| Interest income   | 33,392              | 12,400              | 6,200               |
| Total revenues  | <u>1,060,776</u>    | <u>1,199,453</u>    | <u>1,153,908</u>    |
| Total funds available   | <u>2,067,453</u>    | <u>2,353,192</u>    | <u>2,615,975</u>    |
| EXPENDITURES  |                     |                     |                     |
| General Fund  | 279,638             | 260,035             | 462,500             |
| Debt Service Fund   | 634,076             | 631,090             | 634,870             |
| Total expenditures  | <u>913,714</u>      | <u>891,125</u>      | <u>1,097,370</u>    |
| Total expenditures and transfers out<br>requiring appropriation | <u>913,714</u>      | <u>891,125</u>      | <u>1,097,370</u>    |
| ENDING FUND BALANCES  | <u>\$ 1,153,739</u> | <u>\$ 1,462,067</u> | <u>\$ 1,518,605</u> |
| EMERGENCY RESERVE   | \$ 12,800           | \$ 16,900           | \$ 15,400           |
| TOTAL RESERVE   | <u>\$ 12,800</u>    | <u>\$ 16,900</u>    | <u>\$ 15,400</u>    |

No assurance provided. See summary of significant assumptions.

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/15/21

|                                      | ACTUAL<br>2019           | ESTIMATED<br>2020          | BUDGET<br>2021             |
|--------------------------------------|--------------------------|----------------------------|----------------------------|
| <b>ASSESSED VALUATION - Arapahoe</b> |                          |                            |                            |
| Residential                          | \$ 57,264,423            | \$ 66,895,484              | \$ 66,950,852              |
| State assessed                       | 414,540                  | 189,680                    | 454,310                    |
| Vacant land                          | 145                      | 145                        | 145                        |
| Personal property                    | 59,748                   | 93,487                     | 146,493                    |
| Other                                | 172                      | 172                        | 172                        |
| Certified Assessed Value             | <u>\$ 57,739,028</u>     | <u>\$ 67,178,968</u>       | <u>\$ 67,551,972</u>       |
| <br>                                 |                          |                            |                            |
| <b>MILL LEVY</b>                     |                          |                            |                            |
| General                              | 5.500                    | 7.000                      | 7.000                      |
| Debt Service                         | 11.000                   | 9.500                      | 9.500                      |
| Total mill levy                      | <u>16.500</u>            | <u>16.500</u>              | <u>16.500</u>              |
| <br>                                 |                          |                            |                            |
| <b>PROPERTY TAXES</b>                |                          |                            |                            |
| General                              | \$ 317,565               | \$ 470,253                 | \$ 472,864                 |
| Debt Service                         | 635,130                  | 638,200                    | 641,744                    |
| Levied property taxes                | <u>952,695</u>           | <u>1,108,453</u>           | <u>1,114,608</u>           |
| Adjustments to actual/rounding       | -                        | -                          | -                          |
| Budgeted property taxes              | <u>\$ 952,695</u>        | <u>\$ 1,108,453</u>        | <u>\$ 1,114,608</u>        |
| <br>                                 |                          |                            |                            |
| <b>BUDGETED PROPERTY TAXES</b>       |                          |                            |                            |
| General                              | <b>\$ 317,565</b>        | <b>\$ 470,253</b>          | <b>\$ 472,864</b>          |
| Debt Service                         | <b>635,130</b>           | <b>638,200</b>             | <b>641,744</b>             |
|                                      | <b><u>\$ 952,695</u></b> | <b><u>\$ 1,108,453</u></b> | <b><u>\$ 1,114,608</u></b> |

No assurance provided. See summary of significant assumptions.

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/15/21

|   | ACTUAL<br>2019      | ESTIMATED<br>2020   | BUDGET<br>2021      |
|---|---------------------|---------------------|---------------------|
| BEGINNING FUND BALANCE  | \$ 949,963          | \$ 1,095,662        | \$ 1,396,480        |
| REVENUES  |                     |                     |                     |
| Property taxes  | 317,565             | 470,253             | 472,864             |
| Specific ownership tax  | 74,689              | 78,600              | 33,100              |
| Interest income   | 33,083              | 12,000              | 6,000               |
| Total revenues  | <u>425,337</u>      | <u>560,853</u>      | <u>511,964</u>      |
| Total funds available   | <u>1,375,300</u>    | <u>1,656,515</u>    | <u>1,908,444</u>    |
| EXPENDITURES  |                     |                     |                     |
| General and administrative                                      |                     |                     |                     |
| Accounting  | 23,384              | 28,000              | 30,000              |
| Audit   | 4,500               | 4,500               | 5,000               |
| County Treasurer's fee  | 4,766               | 7,054               | 7,093               |
| Directors' fees   | 1,000               | 1,600               | 2,500               |
| Dues and licenses   | 605                 | 719                 | 700                 |
| Insurance and bonds   | 9,980               | 10,462              | 11,500              |
| District management   | 17,519              | 16,000              | 30,000              |
| Legal services  | 6,248               | 8,000               | 8,000               |
| Miscellaneous   | 425                 | 3,000               | 3,000               |
| Payroll taxes   | 77                  | 122                 | 191                 |
| Election expense  | -                   | 1,968               | -                   |
| Contingency   | -                   | -                   | 16,016              |
| Operations and maintenance                                      |                     |                     |                     |
| Repairs and maintenance   | 5,562               | 5,000               | 6,000               |
| Annual flowers  | -                   | 18,480              | 20,000              |
| Landscaping   | 17,480              | 10,000              | 60,000              |
| Reserve Study   | -                   | -                   | 5,000               |
| Park improvements   | -                   | 70,000              | 130,000             |
| Landscape contract  | 35,310              | 38,520              | 45,000              |
| Landscape - trees   | 8,265               | 9,110               | 7,500               |
| Landscaping improvements - medians                              | 125,170             | 15,000              | 45,000              |
| Playground maintenance  | 9,737               | 5,000               | 10,000              |
| Irrigation repairs  | 9,610               | 7,500               | 20,000              |
| Total expenditures  | <u>279,638</u>      | <u>260,035</u>      | <u>462,500</u>      |
| Total expenditures and transfers out<br>requiring appropriation | <u>279,638</u>      | <u>260,035</u>      | <u>462,500</u>      |
| ENDING FUND BALANCE   | <u>\$ 1,095,662</u> | <u>\$ 1,396,480</u> | <u>\$ 1,445,944</u> |
| EMERGENCY RESERVE   | \$ 12,800           | \$ 16,900           | \$ 15,400           |
| TOTAL RESERVE   | <u>\$ 12,800</u>    | <u>\$ 16,900</u>    | <u>\$ 15,400</u>    |

No assurance provided. See summary of significant assumptions.

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/15/21

|   | ACTUAL<br>2019   | ESTIMATED<br>2020 | BUDGET<br>2021   |
|---|------------------|-------------------|------------------|
| BEGINNING FUND BALANCE  | \$ 56,714        | \$ 58,077         | \$ 65,587        |
| REVENUES  |                  |                   |                  |
| Property taxes  | 635,130          | 638,200           | 641,744          |
| Interest income   | 309              | 400               | 200              |
| Total revenues  | <u>635,439</u>   | <u>638,600</u>    | <u>641,944</u>   |
| Total funds available   | <u>692,153</u>   | <u>696,677</u>    | <u>707,531</u>   |
| EXPENDITURES  |                  |                   |                  |
| County Treasurer's fee  | 9,532            | 9,546             | 9,626            |
| Paying agent fees   | 200              | 200               | 2,500            |
| Bond interest   | 174,344          | 156,344           | 137,744          |
| Bond principal  | 450,000          | 465,000           | 485,000          |
| Total expenditures  | <u>634,076</u>   | <u>631,090</u>    | <u>634,870</u>   |
| Total expenditures and transfers out<br>requiring appropriation | <u>634,076</u>   | <u>631,090</u>    | <u>634,870</u>   |
| ENDING FUND BALANCE   | <u>\$ 58,077</u> | <u>\$ 65,587</u>  | <u>\$ 72,661</u> |

No assurance provided. See summary of significant assumptions.

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2**  
**2021 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized on October 14, 1994, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Arapahoe County, Colorado.

The District was established to provide financing for the design, acquisition, installation, construction and operation of public improvements, including water, sanitary, streets, safety protection and park and recreation improvements and services for the District and to the District's service area.

On November 8, 1994, the District's electors authorized the issuance of indebtedness in an amount of \$10,000,000 at an interest rate not to exceed 18% per annum. The District has no authorized but unissued debt remaining. Per the Service Plan, the District is limited to issuing \$10,000,000 in debt. Also on November 8, 1994, a majority of the District's electors authorized the District to collect and spend or retain in reserve \$275,000 annually in taxes generated by the certification of an operating mill levy not to exceed 25 mills commencing in 1995 and all subsequent years without any limitations under TABOR.

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 difference 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 Information 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 budget assumes that the District's share will be equal to approximately 7% of the property taxes collected. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The District allocates all of its specific ownership taxes to the General Fund.

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

**Net Investment Income**

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

**Expenditures**

**General and Administrative**

General and 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, general engineering, meeting expense, and other administrative expenditures.

**Operations and Maintenance**

Operations and maintenance expenditures include the estimates for projects such as: annual flowers, repairs and maintenance, landscaping maintenance and improvements, and playground maintenance and improvements.

**Debt Service**

Interest and principal payments are provided based on the debt amortization schedule from the Series 2011 General Obligation Refunding Bonds (discussed under Debt and Leases).

**Debt and Leases**

On December 29, 2011, the District issued \$8,170,000 in Series 2011 General Obligation Refunding Bonds with interest of 2.00% to 3.25%, consisting of serial bonds due through December 1, 2028. The bonds are subject to redemption prior to maturity on or after December 1, 2021, at the option of the District without redemption premium. The bonds and interest are insured as to repayment by Assured Guaranty Municipal Corp (AGM).

The bonds are secured by and payable from ad valorem property taxes to be levied on all taxable property in the District without limitation as to rate and in amounts sufficient, when combined with other legally available moneys of the District, if any, to pay the principal of and interest on the Series 2011 Bonds when due.

The District has no capital or operating leases.

**Reserves**

**Emergency Reserve**

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

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

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$8,170,000**

**General Obligation Refunding Bonds**

**Series 2011**

**Dated December 29, 2011**

**Interest Rate 2.00% - 3.25%**

**Principal Due December 1**

| <b>Year Ended<br/>December 31,</b> | <b>Interest Due June 1 and December 1</b> |                   |                     |
|------------------------------------|---|-------------------|---------------------|
|                                    | <b>Principal</b>                          | <b>Interest</b>   | <b>Total</b>        |
| 2021                               | \$ 485,000                                | \$ 137,744        | \$ 622,744          |
| 2022                               | 505,000                                   | 118,344           | 623,344             |
| 2023                               | 520,000                                   | 103,194           | 623,194             |
| 2024                               | 535,000                                   | 87,594            | 622,594             |
| 2025                               | 550,000                                   | 71,544            | 621,544             |
| 2026                               | 570,000                                   | 55,044            | 625,044             |
| 2027                               | 585,000                                   | 37,944            | 622,944             |
| 2028                               | 605,000                                   | 19,663            | 624,663             |
|                                    | <b>\$ 4,355,000</b>                       | <b>\$ 631,069</b> | <b>\$ 4,986,069</b> |

Bonds are callable on or after December 1, 2021, without redemption premium.

No assurance provided. See summary of significant assumptions.