

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2023**

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

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 1,460,935	\$ 1,836,877	\$ 1,320,308
REVENUES			
Property taxes	1,114,608	1,162,111	1,131,630
Specific ownership tax	76,818	73,379	67,898
Interest income	1,495	25,210	21,000
Other revenue	-	1,374	-
Bond proceeds	-	3,456,000	-
Total revenues	<u>1,192,921</u>	<u>4,718,074</u>	<u>1,220,528</u>
TRANSFERS IN	<u>197,871</u>	-	-
Total funds available	<u>2,851,727</u>	<u>6,554,951</u>	<u>2,540,836</u>
EXPENDITURES			
General Fund	184,404	693,225	625,000
Debt Service Fund	632,575	4,541,418	537,999
Total expenditures	<u>816,979</u>	<u>5,234,643</u>	<u>1,162,999</u>
TRANSFERS OUT	<u>197,871</u>	-	-
Total expenditures and transfers out requiring appropriation	<u>1,014,850</u>	<u>5,234,643</u>	<u>1,162,999</u>
ENDING FUND BALANCES	<u>\$ 1,836,877</u>	<u>\$ 1,320,308</u>	<u>\$ 1,377,837</u>
EMERGENCY RESERVE	<u>\$ 16,600</u>	<u>\$ 11,300</u>	<u>\$ 10,900</u>
TOTAL RESERVE	<u>\$ 16,600</u>	<u>\$ 11,300</u>	<u>\$ 10,900</u>

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

1/18/23

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

**ASSESSED VALUATION - Arapahoe**

Residential single-family	\$ 66,950,852	\$ 69,776,495	\$ 62,079,609
Residential multi-family	-	-	5,657,600
State assessed	454,310	476,860	688,720
Vacant land	145	145	145
Personal property	146,493	177,529	157,398
Other	172	172	172
Certified Assessed Value	\$ 67,551,972	\$ 70,431,201	\$ 68,583,644

**MILL LEVY**

General	7.000	3.904	4.000
Debt Service	9.500	12.596	12.500
Total mill levy	16.500	16.500	16.500

**PROPERTY TAXES**

General	\$ 472,864	\$ 274,964	\$ 274,334
Debt Service	641,744	887,151	857,296
Levied property taxes	1,114,608	1,162,115	1,131,630
Adjustments to actual/rounding	-	(4)	-
Budgeted property taxes	\$ 1,114,608	\$ 1,162,111	\$ 1,131,630

**BUDGETED PROPERTY TAXES**

<b>General</b>	<b>\$ 472,864</b>	<b>\$ 274,963</b>	<b>\$ 274,334</b>
<b>Debt Service</b>	<b>641,744</b>	<b>887,148</b>	<b>857,296</b>
	<b>\$ 1,114,608</b>	<b>\$ 1,162,111</b>	<b>\$ 1,131,630</b>

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

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 1,115,139	\$ 1,283,698	\$ 965,189
<b>REVENUES</b>			
Property taxes	472,864	274,963	274,334
Specific ownership tax	76,818	73,379	67,898
Interest income	1,152	25,000	20,000
Other revenue	-	1,374	-
Total revenues	<u>550,834</u>	<u>374,716</u>	<u>362,232</u>
Total funds available	<u>1,665,973</u>	<u>1,658,414</u>	<u>1,327,421</u>
<b>EXPENDITURES</b>			
General and administrative			
Accounting	25,900	25,000	30,000
Audit	4,700	4,700	5,200
County Treasurer's fee	7,097	4,126	4,115
Directors' fees	2,300	3,000	3,000
Dues and licenses	834	698	900
Insurance and bonds	10,467	9,987	11,500
District management	30,714	40,000	45,000
Legal services	12,285	18,000	13,000
Miscellaneous	109	-	1,000
Payroll taxes	191	275	230
Election expense	-	50,000	3,500
Contingency	-	-	15,305
Operations and maintenance			
Annual flowers	18,600	21,400	24,000
Fence	-	207,539	-
Irrigation repairs	5,999	10,000	15,000
Landscape - trees	2,330	36,000	17,250
Landscape contract	36,000	36,000	39,000
Landscape maintenance - medians	-	10,000	12,000
Landscaping	15,601	30,000	30,000
Park improvements	-	10,000	10,000
Playground improvements	-	-	300,000
Playground maintenance	680	166,500	30,000
Repairs and maintenance	10,597	10,000	15,000
Total expenditures	<u>184,404</u>	<u>693,225</u>	<u>625,000</u>
<b>TRANSFERS OUT</b>			
Transfers to other funds	<u>197,871</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>382,275</u>	<u>693,225</u>	<u>625,000</u>
ENDING FUND BALANCE	<u>\$ 1,283,698</u>	<u>\$ 965,189</u>	<u>\$ 702,421</u>
EMERGENCY RESERVE	<u>\$ 16,600</u>	<u>\$ 11,300</u>	<u>\$ 10,900</u>
TOTAL RESERVE	<u>\$ 16,600</u>	<u>\$ 11,300</u>	<u>\$ 10,900</u>

No assurance provided. See summary of significant assumptions.

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

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 345,796	\$ 553,179	\$ 355,119
<b>REVENUES</b>			
Property taxes	641,744	887,148	857,296
Interest income	343	210	1,000
Bond proceeds	-	3,456,000	-
Total revenues	642,087	4,343,358	858,296
<b>TRANSFERS IN</b>			
Transfers from other funds	197,871	-	-
Total funds available	1,185,754	4,896,537	1,213,415
<b>EXPENDITURES</b>			
County Treasurer's fee	9,631	13,314	12,859
Paying agent fees	200	200	2,500
Bond interest	137,744	41,904	44,640
Bond principal	485,000	480,000	478,000
Payment to refunding agent	-	3,899,586	-
Cost of issuance	-	106,414	-
Total expenditures	632,575	4,541,418	537,999
Total expenditures and transfers out requiring appropriation	632,575	4,541,418	537,999
ENDING FUND BALANCE	\$ 553,179	\$ 355,119	\$ 675,416

**EAST SMOKY HILL METROPOLITAN DISTRICT NO. 2**  
**2023 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.

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%.

**EAST SMOKY HILL 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 budget assumes that the District's share will be equal to approximately 6.00% 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.

**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 2022 General Obligation Refunding Bonds (discussed under Debt and Leases).

**Debt and Leases**

On February 10, 2022, the District issued \$3,456,000 in Series 2022 General Obligation Refunding Bonds with interest of 1.50%, consisting of bonds due through December 1, 2028.

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 2022 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**

**\$3,456,000**  
**General Obligation Refunding Bond**  
**Series 2022**  
**Dated February 10, 2022**  
**Interest Rate 1.50%**  
**Principal Due December 1**  
**Interest Due June 1 and December 1**

<u>Year Ended December 31,</u>	<u>Interest Due June 1 and December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 478,000	\$ 44,640	\$ 522,640
2024	485,000	37,470	522,470
2025	492,000	30,195	522,195
2026	499,000	22,815	521,815
2027	507,000	15,330	522,330
2028	515,000	7,725	522,725
	<u>\$ 2,976,000</u>	<u>\$ 158,175</u>	<u>\$ 3,134,175</u>