

# **Sterling Ranch Metropolitan District No. 2**

2022

Budget

## **Budget Message/Summary of Assumptions**

Attached is a copy of the forecasted budget of revenue, expenditures and fund balances for the 2022 budget for the Sterling Ranch Metropolitan District No. 2 (the District).

The District has adopted a General Fund for general operating expenses and a Debt Service Fund to collect pledged funds for payment of interest and principal on the bonds.

The budget utilizes the modified accrual basis of accounting and has been adopted after proper notification and a public hearing thereon.

### **Services Provided**

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for El Paso County, and recorded on March 7, 2011. The District operates under a Consolidated Service Plan with Sterling Ranch Metropolitan District Nos. 1 and 3.

The District was organized to provide financing, acquisition, construction and installation of public infrastructure as contemplated in the Consolidated Service Plan to support the needs of development within its boundaries and District Nos. 1 and 3.

### **Revenue**

The District is currently in a homebuilding stage that includes building and maintaining public infrastructure. The operating and administrative expenditures for 2022 are expected to be funded by a portion of the property taxes and homeowner fees to be collected. Developer expenditures on behalf of benefiting the District (“advances”) are recorded as revenue for budget purposes with an obligation for future repayments when the District is financially able to make reimbursements. The District has levied property taxes for 2022 collection based on an assessed valuation of \$7,481,500 and a total mill levy of 66.795 mills.

### **Expenditures**

Administrative expenses have been estimated based upon the level of expenditures incurred in 2021 adjusted for anticipated activity in 2022. Administrative expenditures include the services necessary to maintain the District’s administrative viability such as legal, accounting, insurance, management, meeting expenses and other administrative needs. The District will also incur expenses for the maintenance of the completed public infrastructure and common areas where applicable.

Capital outlay for District infrastructure was incurred through 2021 and is expected to continue throughout 2022. The District closed on its General Obligation Limited Tax Bonds on December 18, 2015 in the amount of \$9,062,405.55. As these funds have been completely expended, it is anticipated that the bonds may be refinanced to obtain

additional funds to complete required infrastructure. If additional financing is not obtained, the required infrastructure will be completed using developer advances which will be recorded as an obligation for future repayments when the District is financially able to make the reimbursements.

**Sterling Ranch Metropolitan District #2 - General Fund**

Description	2020 Actual	2021 Budget	2021 Actual Jan - Sept	2021 Amended	2022 Proposed
<b>INCOME</b>					
D2 - Property Taxes	15,095.42	34,114.09	32,990.75	35,000.00	99,945.36
D2 - Specific Ownership Tax	1,640.78	2,439.16	2,678.38	3,500.00	
D2 - Delinquent Tax and Interest	123.25		28.32		
Other Fees (Open space, street lighting)	33,086.76	15,000.00	67,992.22	90,000.00	100,000.00
Interest Income	6.45				
Developer Advance	71,000.00	48,000.00	-	90,000.00	-
<b>Total Income</b>	<b>120,952.66</b>	<b>99,553.25</b>	<b>103,689.67</b>	<b>218,500.00</b>	<b>199,945.36</b>
<b>EXPENSES</b>					
Audit/Accounting	8,000.00	8,000.00	26,250.00	26,250.00	12,000.00
Bank Service/Finance Charges	0.40	150.00	303.00	500.00	500.00
Dues and Subscriptions	495.00	300.00	495.00	495.00	495.00
Property Tax liens			763.48	763.00	
District Management	22,300.44	24,000.00	17,500.00	25,000.00	50,000.00
Engineering/Landscaping/Maintenance	61,707.50		7,837.85	8,500.00	48,000.00
Insurance Expense	5,603.00	9,000.00	2,524.00	2,524.00	2,029.00
Legal Expense	17,432.80	20,000.00	8,235.91	12,000.00	50,000.00
Miscellaneous		5,000.00	763.48	800.00	2,500.00
Website Development					5,000.00
Office/Postage			195.13	200.00	500.00
Utilities	4,999.65	30,000.00	6,627.29	9,000.00	12,000.00
Treasurer's Collection Fees	228.27	17.00	495.28	500.00	1,500.00
Emergency Reserve 3 %		2,894.00		2,595.00	5,536.00
<b>Total Expenses</b>	<b>120,767.06</b>	<b>99,361.00</b>	<b>71,990.42</b>	<b>89,127.00</b>	<b>190,060.00</b>
<b>Net Income/(Loss)</b>	<b>185.60</b>	<b>192.25</b>	<b>31,699.25</b>	<b>129,373.00</b>	<b>9,885.36</b>
<i>Assessed Valuation District 2</i>	1,320,370	3,064,300	3,064,300	3,064,300	7,481,500
<i>Mill Levy</i>	11.132	13.359	13.359	13.359	13.359

**Sterling Ranch Metropolitan District #2 - Debt Service Fund**

Description	2020 Actual	2021 Budget	2021 Actual Jan - Sept	2021 Amended	2021 Actual Jan - Sept
<b>Debt Service Fund Beginning Balance</b>	<b>\$ 303,432.91</b>	<b>\$ 526,757.63</b>	<b>\$ 526,757.63</b>	<b>\$ 526,757.63</b>	<b>\$ (96,557.59)</b>
<b>INCOME</b>					
D2 - Property Taxes	60,381.69	136,456.34	164,962.61	175,000.00	399,781.43
D2- Specific Ownership Tax	6,563.20	9,756.63	13,392.59	17,000.00	
D2 - Delinquent Tax and Interest	492.96		141.63		
D2 - District Impact Fees	156,800.00	403,200.00	271,600.00	319,200.00	840,000.00
Transfer from Project Fund			952.88		-
Developer Advance				40,000.00	
Interest Income	-	1,500.00	62.06	200.00	1,200.00
<b>Total Income</b>	<b>224,237.85</b>	<b>550,912.97</b>	<b>451,111.77</b>	<b>551,400.00</b>	<b>1,240,981.43</b>
<b>EXPENSES</b>					
Interest Payments		1,069,200.00	1,069,200.00	1,069,200.00	1,069,200.00
Trustee Fee	-	4,500.00	3,500.00	3,500.00	3,500.00
Treasurer's Collection Fees	913.13		1,635.96	2,700.00	6,000.00
Bank fees			6.53		-
Contingency	-	84.50	84.50	186.00	285.00
<b>Total Expenses</b>	<b>913.13</b>	<b>1,073,784.50</b>	<b>1,074,426.99</b>	<b>1,075,586.00</b>	<b>1,078,985.00</b>
Restricted Balance for Debt Service	<b>\$ 223,324.72</b>	<b>\$ (522,871.53)</b>	<b>\$ (623,315.22)</b>	<b>\$ (524,186.00)</b>	<b>\$ 161,996.43</b>
<b>Debt Service Fund Ending Balance</b>	<b>\$ 526,757.63</b>	<b>\$ 3,886.10</b>	<b>\$ (96,557.59)</b>	<b>\$ 2,571.63</b>	<b>\$ 65,438.84</b>
<i>Assessed Valuation District 2</i>	1,320,370	3,064,300	3,064,300	3,064,300	7,481,500
<i>Mill Levy</i>	44.531	53.436	53.436	53.436	53.436
<i>Total Mill Levy</i>	55.663	66.795	66.795	66.795	66.795

**Sterling Ranch Metropolitan District #2 - Capital Project Fund**

Description	2020 Actual	2021 Budget	2021 Actual Jan - Sept	2022 Proposed
<b>Beginning Balance</b>		952.88	952.88	0
<b>INCOME</b>				
	-			
Total Income	-	-	-	-
<b>EXPENSES</b>				
Transfer to Debt Service fund			952.88	-
	-	-	-	-
Total Expenses	-	-	952.88	-
Ending Surplus Fund Balance	\$ -	\$ -	\$ (952.88)	\$ -
<b>Ending Balance</b>	952.88		-	-