

NORTH SUBURBAN METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

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

12/31/2022

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ (77,201)	\$ (49,789)	\$ 3,100
REVENUES			
Property taxes	38,951	40,601	38,206
Specific ownership tax	1,966	2,415	2,292
Interest income	14	1,850	2,000
Developer advance	-	24,202	24,176
Transfers from District No. 1	13,853	19,347	10,842
Transfers from District No. 3	13,853	19,347	10,842
Transfers from District No. 4	13,853	19,347	10,842
Total revenues	82,490	127,109	99,200
Total funds available	5,289	77,320	102,300
EXPENDITURES			
General and administrative			
Accounting	19,762	20,000	27,500
County Treasurer's fees	584	609	573
Director fees	10,400	9,600	12,000
Dues and memberships	1,149	1,187	1,600
Insurance and bonds	2,710	2,510	2,850
Legal	19,677	38,000	38,000
Miscellaneous	-	-	100
Payroll taxes	796	734	918
Election expense	-	1,580	1,600
Contingency	-	-	4,859
Operations and maintenance			
Engineering	-	-	10,000
Total expenditures	55,078	74,220	100,000
Total expenditures and transfers out requiring appropriation	55,078	74,220	100,000
ENDING FUND BALANCE	\$ (49,789)	\$ 3,100	\$ 2,300
EMERGENCY RESERVE	\$ 2,500	\$ 3,100	\$ 2,300
TOTAL RESERVE	\$ 2,500	\$ 3,100	\$ 2,300

No assurance provided. See summary of significant assumptions.

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

12/31/2022

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Residential	\$ 25,320	\$ 38,030	\$ 36,960
Agricultural	119,100	117,950	107,380
State assessed	55,630	55,400	77,870
Oil & Gas	453,370	465,310	398,610
Certified Assessed Value	<u>\$ 653,420</u>	<u>\$ 676,690</u>	<u>\$ 620,820</u>
General	60.000	60.000	61.541
Total mill levy	<u>60.000</u>	<u>60.000</u>	<u>61.541</u>
PROPERTY TAXES			
General	\$ 39,205	\$ 40,601	\$ 38,206
Refund and abatements	(254)	-	-
Levied property taxes	<u>38,951</u>	<u>40,601</u>	<u>38,206</u>
Budgeted property taxes	<u>\$ 38,951</u>	<u>\$ 40,601</u>	<u>\$ 38,206</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 38,951</u>	<u>\$ 40,601</u>	<u>\$ 38,206</u>
	<u>\$ 38,951</u>	<u>\$ 40,601</u>	<u>\$ 38,206</u>

No assurance provided. See summary of significant assumptions.

NORTH SUBURBAN METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District was organized by Court Order on December 18, 2006 to provide financing for the design, acquisition, installation, and construction of street improvements, park and recreation facilities, potable and non-potable water systems, storm and sanitary sewer systems, public transportation systems, mosquito control improvements, traffic and safety protection systems, fire protection improvements, television relay and translation systems, and security services improvements. The District's service area is located entirely within the City of Evans (the "City"), in Weld County, Colorado. The District is an independent unit of local government, separate and distinct from the City. During 2008, The Districts entered into an Intergovernmental Agreement (IGA) with the City, which was required for the Districts to be able to provide the services outlines in the Consolidated Service Plan.

Under the Consolidated Service Plan, the District is a Financing District and is related to North Suburban Metropolitan District No. 1 (North Suburban No. 1) which serves as the Coordinating District, and North Suburban Metropolitan District No. 3 (North Suburban No. 3) and North Suburban Metropolitan District No. 4 (North Suburban No. 4), which serve as the other Financing Districts. The Financing Districts provide the funding for infrastructure improvements and the tax base needed to support future and ongoing operations of the Coordinating District.

The relationship between the Coordinating District and the Financing Districts is to be established by execution of a Master Intergovernmental Agreement (Master IGA). The proposed Master IGA will provide for the Financing Districts to levy the taxes necessary to pay the Coordinating District for the costs of the design, acquisition, installation and construction of certain public improvements identified in the Consolidated Service Plan. In exchange, the Coordinating District will construct the public improvements, provide for their operation and maintenance, and provide service to the Financing Districts. Under the intergovernmental agreement, the Coordinating District is also responsible for coordinating the funding and construction of public improvements for the District. The Financing Districts will provide the primary revenue stream for any bonds or other obligations issued to fund the public improvements.

At its organization election held on November 7, 2006, the voters approved general obligation indebtedness of \$73,500,000 for street improvements, \$73,500,000 for park and recreation improvements, \$73,500,000 for water improvements, \$73,500,000 for storm and sanitary sewer improvements, \$73,500,000 for public transportation improvements, \$73,500,000 for mosquito control improvements, \$73,500,000 for traffic and safety control improvements, \$73,500,000 for fire protection improvements, \$73,500,000 for television relay and translation improvements, \$73,500,000 for security enforcements improvements, \$73,500,000 for general operations and maintenance, \$73,500,000 for refinancing of District debt, \$73,500,000 for intergovernmental agreements, and \$73,500,000 for developer reimbursement. The voters also approved an annual tax increase of \$5,000,000 and an annual fee increase of \$5,000,000 for general operations and maintenance. The District's Service Plan requires that the combined debt of the four Districts not exceed \$73,500,000. In order to exceed \$73,500,000 in total debt issuance among the Districts, the Districts would be required to submit an Amended Service Plan for approval by the City Council.

Each of the District's debt service mill levies cannot exceed 50 mills for any portion of the District's debt which exceeds 50.00% of the District's assessed valuation (Maximum Debt Mill Levy). In the event the method of calculating assessed valuation is changed by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut or abatement, the Maximum Debt Mill Levy may be increased or decreased to reflect such change. The Maximum Debt Mill Levy does not apply to the District's mill levy for payment of operations and maintenance expenditures.

**NORTH SUBURBAN METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided (Continued)

The District has no employees and all administrative functions are contractual.

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.

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%.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the mill levy adopted 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 6.00% of the property taxes collected.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

**NORTH SUBURBAN METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative Expenditures

Administrative expenditures for the project 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, audit, accounting, insurance, management, maintenance and other administrative expenses.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.50% of property tax collections.

Debt and Leases

The District has no debt or operating or capital leases.

The District has outstanding Developer Advances with anticipated activity as follows:

	Balance at			Balance at
	December 31, 2021	Additions	Payments	December 31, 2022
Developer Advance Payable	\$ 100,000	\$ 24,202	\$ -	\$ 124,202
Accrued Interest on Advances	18,950	9,936	-	28,886
	\$ 110,950	\$ 34,138	\$ -	\$ 153,088
	Balance at			Balance at
	December 31, 2022	Additions	Payments	December 31, 2023
Developer Advance Payable	\$ 124,202	\$ 24,176	\$ -	\$ 148,378
Accrued Interest on Advances	28,886	11,870	-	40,756
	\$ 153,088	\$ 36,046	\$ -	\$ 189,134

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3.00% of fiscal year spending as defined under TABOR.

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