

STERLING HILLS WEST METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**STERLING HILLS WEST METROPOLITAN DISTRICT
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/2/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 9/30/2022	ESTIMATED 2022	BUDGET 2023A	BUDGET 2023 B	BUDGET 2023 C
BEGINNING FUND BALANCES	\$ 934,980	\$ 268,610	\$ 295,976	\$ 295,976	\$ 662,730	\$ 662,730	\$ 662,730
REVENUES							
Property taxes	1,516,464	1,600,259	1,593,034	1,600,259	1,559,061	1,529,645	1,500,229
Specific ownership tax	104,518	112,018	66,078	88,000	93,544	91,779	90,014
Interest income	1,781	400	6,691	8,800	12,900	12,700	12,400
Other revenue	50	-	1,376	1,376	-	-	-
Total revenues	1,622,813	1,712,677	1,667,179	1,698,435	1,665,505	1,634,124	1,602,643
Total funds available	2,557,793	1,981,287	1,963,155	1,994,411	2,328,235	2,296,854	2,265,373
EXPENDITURES							
General Fund	1,378,539	480,000	339,718	450,000	500,000	500,000	500,000
Debt Service Fund	883,278	884,000	265,349	881,681	885,000	885,000	885,000
Total expenditures	2,261,817	1,364,000	605,067	1,331,681	1,384,999	1,385,000	1,385,000
Total expenditures and transfers out requiring appropriation	2,261,817	1,364,000	605,067	1,331,681	1,384,999	1,385,000	1,385,000
ENDING FUND BALANCES	\$ 295,976	\$ 617,287	\$ 1,358,088	\$ 662,730	\$ 943,235	\$ 911,854	\$ 880,373

No assurance provided. See summary of significant assumptions.

**STERLING HILLS WEST METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/2/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 9/30/2022	ESTIMATED 2022	BUDGET 2023A	BUDGET 2023 B	BUDGET 2023 C
ASSESSED VALUATION							
Residential - Single-Family	\$ 26,966,908	28,245,646	\$ 28,245,646	28,245,646	27,462,688	27,462,688	27,462,688
State assessed	714,780	723,650	723,650	723,650	729,470	729,470	729,470
Vacant land	930,175	1,219,508	1,219,508	1,219,508	1,219,508	1,219,508	1,219,508
Personal property	1,790	4,768	4,768	4,768	4,579	4,579	4,579
Certified Assessed Value	<u>\$ 28,613,653</u>	<u>\$ 30,193,572</u>	<u>\$ 30,193,572</u>	<u>\$ 30,193,572</u>	<u>\$ 29,416,245</u>	<u>\$ 29,416,245</u>	<u>\$ 29,416,245</u>
MILL LEVY							
General	25.000	25.000	25.000	25.000	25.000	24.000	23.000
Debt Service	28.000	28.000	28.000	28.000	28.000	28.000	28.000
Total mill levy	<u>53.000</u>	<u>53.000</u>	<u>53.000</u>	<u>53.000</u>	<u>53.000</u>	<u>52.000</u>	<u>51.000</u>
PROPERTY TAXES							
General	\$ 715,341	\$ 754,839	\$ 754,839	\$ 754,839	\$ 735,406	\$ 705,990	\$ 676,574
Debt Service	801,182	845,420	845,420	845,420	823,655	823,655	823,655
Levied property taxes	1,516,523	1,600,259	1,600,259	1,600,259	1,559,061	1,529,645	1,500,229
Adjustments to actual/rounding	(59)	-	(2,824)	-	-	-	-
Budgeted property taxes	<u>\$ 1,516,464</u>	<u>\$ 1,600,259</u>	<u>\$ 1,597,435</u>	<u>\$ 1,600,259</u>	<u>\$ 1,559,061</u>	<u>\$ 1,529,645</u>	<u>\$ 1,500,229</u>
BUDGETED PROPERTY TAXES							
General	\$ 715,313	\$ 754,839	\$ 753,507	\$ 754,839	\$ 735,406	\$ 705,990	\$ 676,574
Debt Service	801,151	845,420	843,928	845,420	823,655	823,655	823,655
	<u>\$ 1,516,464</u>	<u>\$ 1,600,259</u>	<u>\$ 1,597,435</u>	<u>\$ 1,600,259</u>	<u>\$ 1,559,061</u>	<u>\$ 1,529,645</u>	<u>\$ 1,500,229</u>
Average SF Value	337,350	353,350	353,350	353,350	353,440	353,440	353,440
Average SF AV	24,121	25,265	25,265	25,265	24,564	24,564	24,564
Taxes Paid	\$ 1,278	\$ 1,339	\$ 1,339	\$ 1,339	\$ 1,302	\$ 1,277	\$ 1,253

No assurance provided. See summary of significant assumptions.

**STERLING HILLS WEST METROPOLITAN DISTRICT
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/2/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 9/30/2022	ESTIMATED 2022	BUDGET 2023A	BUDGET 2023 B	BUDGET 2023 C
BEGINNING FUND BALANCE	\$ 707,186	\$ 69,736	\$ 94,193	\$ 94,193	\$ 453,808	\$ 453,808	\$ 453,808
REVENUES							
Property taxes	715,313	754,839	753,507	754,839	735,406	705,990	676,574
Specific ownership tax	49,301	52,839	35,892	47,800	44,124	42,359	40,594
Interest income	882	200	4,266	5,600	8,900	8,700	8,400
Other revenue	50	-	1,376	1,376	-	-	-
Total revenues	765,546	807,878	795,041	809,615	788,431	757,049	725,568
Total funds available	1,472,732	877,614	889,234	903,808	1,242,239	1,210,858	1,179,376
EXPENDITURES							
General and administrative							
Accounting	42,464	48,000	22,551	30,000	35,000	35,000	35,000
Auditing	3,000	3,200	3,500	3,500	3,500	3,500	3,500
County Treasurer's fee	10,739	11,323	11,310	11,323	11,031	10,590	10,149
Directors' fees	2,800	3,000	1,200	1,700	3,000	3,000	3,000
Dues and licenses	422	500	941	941	1,000	1,000	1,000
Insurance and bonds	5,233	6,500	5,946	5,946	6,500	6,500	6,500
District management	24,250	26,000	19,800	26,400	29,000	29,000	29,000
Legal services	19,551	22,000	16,260	22,000	25,000	25,000	25,000
Miscellaneous	483	1,000	170	500	500	500	500
Conference/seminars	-	-	800	800	3,000	3,000	3,000
Banking fees	34	-	-	-	-	-	-
Payroll taxes	214	230	-	130	230	230	230
Election expense	-	15,000	2,471	2,471	3,000	3,000	3,000
Contingency	-	15,647	-	11,089	26,039	26,481	26,922
Operations and maintenance							
Repairs and maintenance	42,000	35,000	15,609	21,000	25,000	25,000	25,000
Landscaping - contract	49,077	60,000	34,707	47,000	75,000	75,000	75,000
Drainage pond maintenance	-	5,000	1,296	8,000	25,000	25,000	25,000
Drainage pond renovations - soft costs	69,179	-	11,040	15,000	20,000	20,000	20,000
Drainage pond - construction	916,223	-	9,550	25,000	-	-	-
Drainage pond - landscaping	76,764	75,000	74,284	75,000	50,000	50,000	50,000
Snow removal	20,933	30,000	6,560	12,000	30,000	30,000	30,000
Utilities - irrigation	88,910	90,000	93,586	120,000	100,000	100,000	100,000
Utilities - electricity	418	500	396	600	700	700	700
Irrigation upgrades	-	15,000	-	-	15,000	15,000	15,000
Security	-	10,000	-	-	-	-	-
Phone/website service	829	1,000	844	1,000	1,200	1,200	1,200
Storage rental	1,001	1,000	834	1,000	1,200	1,200	1,200
Tree/shrub maintenance	3,923	5,000	5,971	7,500	10,000	10,000	10,000
Website maintenance	92	100	92	100	100	100	100
Total expenditures	1,378,539	480,000	339,718	450,000	500,000	500,000	500,000
Total expenditures and transfers out requiring appropriation	1,378,539	480,000	339,718	450,000	500,000	500,000	500,000
ENDING FUND BALANCE	\$ 94,193	\$ 397,614	\$ 549,516	\$ 453,808	\$ 742,239	\$ 710,857	\$ 679,376
EMERGENCY RESERVE	\$ 23,000	\$ 24,300	\$ 24,000	\$ 24,400	\$ 23,800	\$ 22,800	\$ 21,900
RESERVE FOR IRRIGATION REPLACEMENT	25,000	160,000	160,000	160,000	175,000	175,000	175,000
RESERVE FOR PLAYGROUND REPLACEMENT	10,000	50,000	50,000	50,000	60,000	60,000	60,000
RESERVE FOR DETENTION POND	-	50,000	50,000	50,000	75,000	75,000	75,000
RESERVE FOR PARK IMPROVEMENTS	-	50,000	50,000	50,000	60,000	60,000	60,000
AVAILABLE FOR OPERATIONS	36,193	63,314	215,516	119,408	348,439	318,057	287,476
TOTAL RESERVE	\$ 94,193	\$ 397,614	\$ 549,516	\$ 453,808	\$ 742,239	\$ 710,857	\$ 679,376

No assurance provided. See summary of significant assumptions.

**STERLING HILLS WEST METROPOLITAN DISTRICT
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/2/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 9/30/2022	ESTIMATED 2022	BUDGET 2023A	BUDGET 2023 B	BUDGET 2023 C
BEGINNING FUND BALANCE	\$ 227,794	\$ 198,874	201,783	\$ 201,783	\$ 208,922	\$ 208,922	\$ 208,922
REVENUES							
Property taxes	801,151	845,420	839,527	845,420	823,655	823,655	823,655
Specific ownership tax	55,217	59,179	30,186	40,200	49,419	49,419	49,419
Interest income	899	200	2,425	3,200	4,000	4,000	4,000
Total revenues	<u>857,267</u>	<u>904,799</u>	<u>872,138</u>	<u>888,820</u>	<u>877,074</u>	<u>877,074</u>	<u>877,074</u>
Total funds available	<u>1,085,061</u>	<u>1,103,673</u>	<u>1,073,921</u>	<u>1,090,603</u>	<u>1,085,996</u>	<u>1,085,996</u>	<u>1,085,996</u>
EXPENDITURES							
General and administrative							
County Treasurer's fee	-	12,681	12,599	12,681	12,355	12,355	12,355
Paying agent fees	12,028	3,500	-	3,500	3,500	3,500	3,500
Contingency	3,500	2,319	-	-	1,645	1,645	1,645
Debt Service							
Bond interest	522,750	505,500	252,750	505,500	487,500	487,500	487,500
Bond principal	345,000	360,000	-	360,000	380,000	380,000	380,000
Total expenditures	<u>883,278</u>	<u>884,000</u>	<u>265,349</u>	<u>881,681</u>	<u>885,000</u>	<u>885,000</u>	<u>885,000</u>
Total expenditures and transfers out requiring appropriation	<u>883,278</u>	<u>884,000</u>	<u>265,349</u>	<u>881,681</u>	<u>885,000</u>	<u>885,000</u>	<u>885,000</u>
ENDING FUND BALANCE	<u>\$ 201,783</u>	<u>\$ 219,673</u>	<u>\$ 808,572</u>	<u>\$ 208,922</u>	<u>\$ 200,996</u>	<u>\$ 200,996</u>	<u>\$ 200,997</u>

No assurance provided. See summary of significant assumptions.

**STERLING HILLS WEST METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was formed by Court Order on December 3, 1999, with its formation election held on November 2, 1999. The election approved general obligation indebtedness of \$3,600,000 for streets, \$500,000 for safety controls, \$1,000,000 for water facilities, \$1,500,000 for sewer and storm drainage facilities, \$6,200,000 for parks, and \$750,000 for general operations and maintenance. The election also approved an annual increase in taxes of \$500,000 for general operations and maintenance and \$2,148,000 for repayment of the combined approved debt.

In accordance with its Service Plan, the District was formed to provide for the construction of improvements for streets, landscaping, storm drainage, water and sewer, safety protection, and park improvements and facilities in its service area within the City of Aurora (City). During 2004 the District amended its Service Plan with the City, which allowed the District to increase its debt limitation from \$9,400,000 to \$11,600,000 in order to fund additional capital project costs. As required by the original Service Plan, the District received approval from the City on August 27, 2007 of a Second Amendment to the Service Plan, which approved a refunding of the District's outstanding debt and the issuance of additional debt to pay costs of public improvements in an amount not to exceed \$1,100,000, an extension of the maturity of debt to 2031, and the imposition of a mill levy for payment of debt of not more than 42.55 mills, subject to adjustment for changes occurring after 2000 in the method of calculating assessed valuation. The adjusted maximum mill levy is 57.963.

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.

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 page.

**STERLING HILLS WEST METROPOLITAN DISTRICT
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 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% of total property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Expenditures

Administrative Expenses

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, general engineering, meeting expense, and other administrative expenses.

Operations and maintenance

Certain pocket parks and street landscaping improvements and a detention pond are owned and maintained by the District. The estimated costs for repairs and maintenance are found on the General Fund page of the budget.

Debt Service

Principal and interest payments in 2023 are provided based on the debt amortization schedule from the Series 2017 Bonds as detailed on the debt service schedule and debt service summary page of the Budget (discussed under Debt and Leases).

Contingency

The District has provided for the possibility of additional expenditures for landscaping or other contingencies.

**STERLING HILLS WEST METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

General Obligation Refunding Bonds

On September 8, 2017, the District refunded \$11,965,000 of General Obligation Refunding and Improvement Bonds (2007 Bonds) dated September 13, 2007, with interest rates from 4.0% to 5.0% by the issuance of \$11,385,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds (2017 Bonds). Funds from the issuance of the 2017 Bonds were deposited with a trustee and invested in U.S. government securities. The 2007 Bonds were repaid in full by the trustee on December 1, 2017. Proceeds of the 2017 Bonds were also used pay amounts due to the Bond Insurer of the 2007 Bonds and the cost of issuance of the 2017 Bonds.

The 2017 Bonds bear interest at the rate of 5.0% per annum, with an effective interest rate of 3.86% due to the payment of a \$1,498,883 premium paid at the time of issuance. Interest is due June 1 and December 1. Principal is due on December 1. The 2017 Bonds mature on December 1, 2039. The 2017 Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2027, and on any date thereafter, upon payment of par and accrued interest thereon to the date of redemption.

The 2017 Bonds are secured by and payable from Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and (3) any other legally available monies which the District determines to be treated as Pledged Revenue. The Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the 2017 Bonds as the same become due and payable but not in excess of 42.55 mills, provided however, that in the event the method of calculating assessed valuation is or was changed after 2000, the maximum mill levy will be increased or decreased to reflect such changes. Once the debt to assessed ratio is 40% or less, the Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the 2017 Bonds as the same become due and payable without limitation of rate. On December 31, 2022, the District's debt to assessed ratio was 33.14%.

The District has no operating or capital leases.

Reserve Funds

Emergency Reserves

The District has provided an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2023, as defined under TABOR.

Reserve for Capital Replacement

The District has set aside funds for the replacement of certain capital assets owned by the District.

This information is an integral part of the accompanying budget.

**STERLING HILLS WEST METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$11,385,000 General Obligation Limited
Tax Convertible to Unlimited Tax
Refunding Bonds
5.00% Serial & Term Bonds Due December 1, 2039
Series 2017, Dated September 8, 2017
Interest Payable June 1 and December 1,
Principal Due December 1**

Year Ended December 31,	Principal	Interest	Total
2023	\$ 380,000	\$ 487,500	\$ 867,500
2024	395,000	468,500	863,500
2025	415,000	448,750	863,750
2026	435,000	428,000	863,000
2027	460,000	406,250	866,250
2028	480,000	383,250	863,250
2029	505,000	359,250	864,250
2030	530,000	334,000	864,000
2031	560,000	307,500	867,500
2032	585,000	279,500	864,500
2033	615,000	250,250	865,250
2034	645,000	219,500	864,500
2035	680,000	187,250	867,250
2036	710,000	153,250	863,250
2037	745,000	117,750	862,750
2038	785,000	80,500	865,500
2039	825,000	41,250	866,250
Total	<u>\$ 9,750,000</u>	<u>\$ 4,952,250</u>	<u>\$ 14,702,250</u>

No assurance provided. See summary of significant assumption.