

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
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	857,267	904,799	872,138	888,820	877,074	877,074	877,074
Total funds available	1,085,061	1,103,673	1,073,921	1,090,603	1,085,996	1,085,996	1,085,996
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	883,278	884,000	265,349	881,681	885,000	885,000	885,000
Total expenditures and transfers out requiring appropriation	883,278	884,000	265,349	881,681	885,000	885,000	885,000
ENDING FUND BALANCE	\$ 201,783	\$ 219,673	\$ 808,572	\$ 208,922	\$ 200,996	\$ 200,996	\$ 200,997

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.