

**LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 2**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2023**

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

1/10/23

|   | ACTUAL<br>2021 | ESTIMATED<br>2022 | BUDGET<br>2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES   | \$ -           | \$ -              | \$ -           |
| REVENUES  |                |                   |                |
| Property taxes  | -              | 31,684            | 27,314         |
| Specific ownership tax  | -              | 128               | 1,114          |
| Other revenue   | -              | -                 | 4,572          |
| Interest income   | -              | 287               | -              |
| Total revenues  | -              | 32,099            | 33,000         |
| Total funds available   | -              | 32,099            | 33,000         |
| EXPENDITURES  |                |                   |                |
| General Fund  | -              | 7,379             | 9,000          |
| Debt Service Fund   | -              | 24,720            | 24,000         |
| Total expenditures  | -              | 32,099            | 33,000         |
| Total expenditures and transfers out<br>requiring appropriation | -              | 32,099            | 33,000         |
| ENDING FUND BALANCES  | \$ -           | \$ -              | \$ -           |

No assurance provided. See summary of significant assumptions.

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

1/10/23

| ACTUAL | ESTIMATED | BUDGET |
|--------|-----------|--------|
| 2021   | 2022      | 2023   |

**ASSESSED VALUATION**

|                          |              |                   |                   |
|--------------------------|--------------|-------------------|-------------------|
| Vacant land              | \$ 30        | \$ 487,440        | \$ 419,220        |
| Personal property        | \$ -         | \$ -              | \$ 1,000          |
| Certified Assessed Value | <u>\$ 30</u> | <u>\$ 487,440</u> | <u>\$ 420,220</u> |

**MILL LEVY**

|                 |               |               |               |
|-----------------|---------------|---------------|---------------|
| General         | 60.000        | 15.000        | 15.000        |
| Debt Service    | 0.000         | 50.000        | 50.000        |
| Total mill levy | <u>60.000</u> | <u>65.000</u> | <u>65.000</u> |

**PROPERTY TAXES**

|                         |             |                  |                  |
|-------------------------|-------------|------------------|------------------|
| General                 | \$ 2        | \$ 7,312         | \$ 6,303         |
| Debt Service            | -           | 24,372           | 21,011           |
| Budgeted property taxes | <u>\$ 2</u> | <u>\$ 31,684</u> | <u>\$ 27,314</u> |

**BUDGETED PROPERTY TAXES**

|                     |                    |                         |                         |
|---------------------|--------------------|-------------------------|-------------------------|
| <b>General</b>      | <b>\$ 2</b>        | <b>\$ 7,312</b>         | <b>\$ 6,303</b>         |
| <b>Debt Service</b> | <b>-</b>           | <b>24,372</b>           | <b>21,011</b>           |
|                     | <u><b>\$ 2</b></u> | <u><b>\$ 31,684</b></u> | <u><b>\$ 27,314</b></u> |

No assurance provided. See summary of significant assumptions.

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

1/10/23

|   | ACTUAL<br>2021 | ESTIMATED<br>2022 | BUDGET<br>2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE  | \$ -           | \$ -              | \$ -           |
| REVENUES  |                |                   |                |
| Property taxes  | -              | 7,312             | 6,303          |
| Specific ownership tax  | -              | -                 | 63             |
| Other revenue   | -              | -                 | 2,634          |
| Interest income   | -              | 67                | -              |
| Total revenues  | -              | 7,379             | 9,000          |
| Total funds available   | -              | 7,379             | 9,000          |
| EXPENDITURES  |                |                   |                |
| General and administrative                                      |                |                   |                |
| County Treasurer's fee  | -              | 74                | 63             |
| Contingency   | -              | -                 | 2,634          |
| Transfers to LHMD1  | -              | 7,305             | 6,303          |
| Total expenditures  | -              | 7,379             | 9,000          |
| Total expenditures and transfers out<br>requiring appropriation | -              | 7,379             | 9,000          |
| ENDING FUND BALANCE   | \$ -           | \$ -              | \$ -           |

No assurance provided. See summary of significant assumptions.

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

1/10/23

|   | ACTUAL<br>2021 | ESTIMATED<br>2022 | BUDGET<br>2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE  | \$ -           | \$ -              | \$ -           |
| REVENUES  |                |                   |                |
| Property taxes  | -              | 24,372            | 21,011         |
| Specific ownership tax  | -              | 128               | 1,051          |
| Interest income   | -              | 220               | -              |
| Other revenue   | -              | -                 | 1,938          |
| Total revenues  | -              | 24,720            | 24,000         |
| Total funds available   | -              | 24,720            | 24,000         |
| EXPENDITURES  |                |                   |                |
| General and administrative                                      |                |                   |                |
| County Treasurer's fee  | -              | 246               | 210            |
| Contingency   | -              | -                 | 1,938          |
| Transfers to LHCA   | -              | 24,474            | 21,852         |
| Total expenditures  | -              | 24,720            | 24,000         |
| Total expenditures and transfers out<br>requiring appropriation | -              | 24,720            | 24,000         |
| ENDING FUND BALANCE   | \$ -           | \$ -              | \$ -           |

No assurance provided. See summary of significant assumptions.

**LORETTO HEIGHTS METRO 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 by order and decree and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City and County of Denver on August 26, 2019.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

Loretto Heights Metro Districts Nos. 1-5 and Loretto Heights Programming District are expected to work together to provide for the acquisition, construction, and financing of the public improvements and the administration and operations for the Development.

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 District may impose an Operating Mill Levy of up to 65.000 mills, until the District imposes a Debt Mill Levy. Once the District imposes a Debt Mill Levy, the District's Operating Mill Levy cannot exceed 15.000 mills. The Debt Mill Levy shall not exceed 50.000 mills. The Programming District has the authority to levy 20.000 mills for the purpose of operating and maintaining the Programming District's facilities and services. The District has the authority to impose an additional Regional Mill Levy of 5.000 mills. The Regional Mill Levy shall not exceed a term of 25 years from December 31 of the tax collection year after which the Regional Mill Levy was first imposed. The District's Aggregate Mill Levy maximum is 85.000 mills (15 for Operations, 50 for Debt Service, and 20 for the Programming District), and does not include the Regional Mill Levy. All of these mill levies can be adjusted for any changes in the assessment ratios from the time of the service plan approval, August 26, 2019.

**LORETTO HEIGHTS METRO DISTRICT NO. 2  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (Continued)**

**Property Taxes (continued)**

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 adopted mill levy imposed 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 5.00% of the property taxes collected.

**Expenditures**

**Administrative and Operating Expenditures**

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

**Transfers**

On June 23, 2021, the District, Loretto Heights Metropolitan District No. 2-4 and Loretto Heights Community Authority, and UMB Bank entered into capital pledge agreements whereby the Districts agreed to impose the required mill levy (as defined therein) and pledge the debt service property tax revenue and specific ownership tax revenue therefore to Loretto Heights Community Authority for pay for the payment of its 2021 Bonds.

**Reserves**

**Emergency Reserve**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. The District has not provided for an emergency reserve equal to at least 3% of fiscal spending for 2023, as defined under TABOR, as net tax revenue is transferred to District No. 1 which provides for the required reserve.

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