

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1

2022 ANNUAL REPORT

1. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.

None.

2. Intergovernmental agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.

None.

3. Copies of the District's rules and regulations, if any, as of December 31 of the prior year.

The Northtree Rules and Regulations for the Banning Lewis Ranch Oakwood Homes Community, as attached to the 2021 and 2020 Annual Report still apply. There are no other rules or regulations for the District.

4. A summary of any litigation which involves the District's Public Improvements as of December 31 of the prior year.

During the report year, the District was not involved in any litigation.

5. Status of the District's construction of the Public Improvements as of December 31 of the prior year.

There was no construction of public improvements during the report year.

6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.

No facilities or improvements constructed by the District were dedicated to or accepted by the City as of December 31st of the prior year.

7. The assessed valuation of the District for the current year.

The assessed valuation for 2023 is: \$830.

8. Current year budget including a description of the Public Improvements to be constructed in such year.

Attached as **Exhibit A**.

9. Audit of the District financial statements for the year ending December 31 of the previous year prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

The 2022 Audit is in process and will be provided once it is complete.

10. Notice of any uncured events of noncompliance by the District under any Debt instrument, which continue beyond a 90-day period.

None.

11. Any inability of the District to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a 90-day period.

None.

12. Copies of any Certifications of an External Financial Advisor provided as required by the Privately Placed Debt Limitation provision.

None.

EXHIBIT A

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 472,346	\$ 1,603,028	\$ 2,558,269
REVENUES			
Insurance proceeds	-	12,000	15,000
Other revenue	123,876	-	45,000
Interest income	386	12,123	17,000
Village 1	925,966	926,398	926,398
Village 2W	681,140	682,609	682,609
Village 2W Carriage	410,306	412,400	412,400
Village 2E	379,170	596,505	685,981
Village 2E Carriage	242,830	626,973	626,973
Village 2E Bungalow	192,590	196,779	196,779
Village 3	109,730	91,092	104,756
Village 3E	45,530	-	45,530
Village 3E Duets	231,891	256,898	256,898
Village 3E Carriage	202,009	116,707	134,213
Village 3W The Retreat	323,424	911,520	1,245,888
Late Fees, Penalties, Adjustments	7,821	63,984	65,000
Design review fee	35,250	26,786	30,000
Ranch house rentals	13,168	12,000	14,500
Ranch Pass	-	39,840	40,000
YMCA program revenues	38,002	65,000	68,000
Intergovernmental - O&M taxes BLR MD No. 2	548,349	592,851	595,441
Intergovernmental - O&M taxes BLR MD No. 3	585,180	629,850	630,153
Intergovernmental - O&M taxes BLR MD No. 4	407,092	666,748	805,309
Intergovernmental - O&M taxes BLR MD No. 5	946,351	412,932	268,347
Intergovernmental - O&M taxes BLR MD No. 8	3,136	8,531	75,640
Total revenues	<u>6,453,197</u>	<u>7,360,526</u>	<u>7,987,815</u>
Total funds available	<u>6,925,543</u>	<u>8,963,554</u>	<u>10,546,084</u>
EXPENDITURES			
General and administrative	1,656,197	2,215,700	2,864,000
Landscape maintenance	2,121,574	2,560,000	2,925,000
Recreation Center	388,452	586,000	646,000
Swimming Pool	294,218	376,000	414,000
The Barn-Lifestyle Experience	-	408,400	800,000
Capital projects	862,074	259,185	-
Total expenditures	<u>5,322,515</u>	<u>6,405,285</u>	<u>7,649,000</u>
Total expenditures and transfers out requiring appropriation	<u>5,322,515</u>	<u>6,405,285</u>	<u>7,649,000</u>
ENDING FUND BALANCES	<u>\$ 1,603,028</u>	<u>\$ 2,558,269</u>	<u>\$ 2,897,084</u>
EMERGENCY RESERVE	\$ 167,800	\$ 213,100	\$ 239,700
REPLACEMENT RESERVE	328,075	500,000	750,000
AVAILABLE FOR OPERATIONS	1,107,153	1,845,169	1,907,384
TOTAL RESERVE	<u>\$ 1,603,028</u>	<u>\$ 2,558,269</u>	<u>\$ 2,897,084</u>

No assurance provided. See summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Vacant land	\$ 830	\$ 830	\$ 830
Certified Assessed Value	\$ 830	\$ 830	\$ 830
MILL LEVY			
Total mill levy	0.000	0.000	0.000
PROPERTY TAXES			
Budgeted property taxes	\$ -	\$ -	\$ -
BUDGETED PROPERTY TAXES			
	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 472,346	\$ 1,329,947	\$ 2,063,321
REVENUES			
Insurance proceeds	-	12,000	15,000
Other revenue	123,876	-	45,000
Interest income	386	12,123	17,000
Village 1	925,966	926,398	926,398
Village 2W	681,140	682,609	682,609
Village 2W Carriage	410,306	412,400	412,400
Village 2E	379,170	596,505	685,981
Village 2E Carriage	242,830	626,973	626,973
Village 2E Bungalow	192,590	196,779	196,779
Village 3	109,730	91,092	104,756
Village 3E	45,530	-	45,530
Village 3E Duets	231,891	256,898	256,898
Village 3E Carriage	202,009	116,707	134,213
Late Fees, Penalties, Adjustments	7,821	63,984	65,000
Design review fee	35,250	26,786	30,000
Ranch house rentals	13,168	12,000	14,500
YMCA program revenues	38,002	65,000	68,000
Intergovernmental - O&M taxes BLR MD No. 2	548,349	592,851	595,441
Intergovernmental - O&M taxes BLR MD No. 3	585,180	629,850	630,153
Intergovernmental - O&M taxes BLR MD No. 4	407,092	666,748	805,309
Intergovernmental - O&M taxes BLR MD No. 8	3,136	8,531	75,640
Ranch Pass Fees from BLRMD No. 5	-	39,840	40,000
Total revenues	5,183,422	6,036,074	6,473,580
EXPENDITURES			
General and administrative			
Accounting	209,993	245,000	285,000
Auditing	22,858	34,000	35,000
Billing services	201,371	215,000	246,000
Community management	128,567	140,000	199,000
Design review fee	18,473	28,000	32,000
Directors' fees	1,478	2,000	20,000
District management	218,822	290,000	330,000
Dues and memberships	4,109	4,500	5,300
Election expense	-	12,000	125,000
Engineering	2,861	-	-
Insurance and bonds	132,334	83,000	91,000
Legal services	129,758	190,000	210,000
Mailbox repairs (S&K)	7,192	500	5,000
Miscellaneous	6,188	10,000	11,500
Payroll taxes	245	700	1,200
Repairs and maintenance	2,500	4,500	13,545
Trash removal and recycle	466,294	595,000	650,000
Website maintenance	2,817	12,500	13,500
Landscape Maintenance	1,735,344	2,100,000	2,312,000
Landscape Maintenance - Carriage House	351,947	374,000	413,000
Recreation Center	388,452	586,000	646,000
Swimming Pool	294,218	376,000	414,000
Total expenditures	4,325,821	5,302,700	6,058,045
Total expenditures and transfers out requiring appropriation	4,325,821	5,302,700	6,058,045
ENDING FUND BALANCE	\$ 1,329,947	\$ 2,063,321	\$ 2,478,856
EMERGENCY RESERVE	\$ 155,600	\$ 181,100	\$ 194,300
REPLACEMENT RESERVE	300,000	391,175	500,000
AVAILABLE FOR OPERATIONS	874,347	1,491,046	1,784,556
TOTAL RESERVE	\$ 1,329,947	\$ 2,063,321	\$ 2,478,856

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
EXPENDITURES DETAIL
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
Landscape maintenance - Village 1			
LS maint-Village 1-Contract maintenance	6,190	81,000	81,000
Landscape maint. - Irr. repairs & maint.	366,661	-	-
LS maint-Village 1-Electricity	4,067	3,000	4,000
LS maint-Village 1-Enhancements	-	5,000	6,000
LS maint-Village 1-Irrigation Rep&Maint	-	215,000	237,000
LS maint-Village 1-Miscellaneous	1,724	3,000	4,000
LS maint-Village 1-Snow removal	53,892	30,000	33,000
LS maint-Village 1-Water	378,842	322,000	354,000
LS maint-Village 1-Stormwater fees	13,087	10,000	11,000
Total Landscape maintenance - Village 1	824,463	669,000	730,000
Landscape maintenance - Village 2 West			
LS maint-Village 2 W-Contract maintenance	471,662	574,000	631,000
LS maint-Village 2 W-Electricity	3,013	17,000	19,000
LS maint-Village 2 W-Enhancements	-	25,000	28,000
LS maint-Village 2 W-Irrigation repairs/maintenance	-	44,000	48,000
LS maint-Village 2 W-Snow removal	26,451	68,000	75,000
LS maint-Village 2 W-Water	171,648	166,000	182,000
LS maint-Village 2 W-Stormwater fees	18,184	22,000	24,000
Total Landscape maintenance - Village 2 West	690,958	916,000	1,007,000
Landscape maintenance - Village 2 East			
LS maint-Village 2 E-Contract maintenance	164,004	164,000	180,000
LS maint-Village 2 E-Electricity	-	3,000	3,000
LS maint-Village 2 E-Irrigation repairs/maintenance	-	65,000	71,000
LS maint-Village 2 E-Miscellaneous	-	1,000	11,000
LS maint-Village 2 E-Snow removal	-	25,000	27,000
LS maint-Village 2 E-Water	-	72,000	79,000
Total Landscape maintenance - Village 2 East	164,004	330,000	371,000
Landscape maintenance - Village 3 West			
LS maint -Village 3-Contract Maintenance	90,203	185,000	204,000
Total Landscape maintenance - Village 3 West	90,203	185,000	204,000
Landscape maintenance - Carriage House			
LS maint-Carriage House-Front Yard Maint & Repairs	90,272	116,000	128,000
LS maint-Carriage House-Utilities -Electricity	185	1,000	1,000
LS maint-Carriage House-Park & Common Area Maintenance	-	27,000	30,000
LS maint-Carriage House-Irrigation Rep&Maint	-	124,000	132,000
LS maint-Carriage House-Snow removal	213,741	58,000	65,000
LS maint-Carriage House-Utilities -Water	45,369	45,000	52,000
LS maint-Carriage House-Stormwater fees	2,380	3,000	5,000
Total Landscape maintenance - Carriage House	351,947	374,000	413,000

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
EXPENDITURES DETAIL
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
Recreation Center			
Rec Ctr-Village 1-Cleaning services	23,671	22,000	24,000
Rec Ctr-Village 1-Electricity	14,708	16,000	18,000
Rec Ctr-Village 1-Gas	14,954	18,000	20,000
Rec Ctr-Village 1-HVAC maintenance	3,407	10,000	11,000
Rec Ctr-Village 1-Management fee	267,715	438,000	482,000
Rec Ctr-Village 1-Miscellaneous	-	1,000	1,000
Rec Ctr-Village 1-Plant maintenance	3,018	7,000	8,000
Rec Ctr-Village 1-Repairs and maint	4,296	18,000	20,000
Rec Ctr-Village 1-Security services	20,178	6,000	7,000
Rec Ctr-Village 1-Sewer	1,475	2,000	2,000
Rec Ctr-Village 1-Telephone	4,415	5,000	6,000
Rec Ctr-Village 1-Trash	5,886	4,000	4,000
Rec Ctr-Village 1-Water	40,452	39,000	43,000
Total Recreation Center - Village 1	404,174	586,000	646,000
Swimming Pool - Village 1			
Swim pool-Village 1-Management staffing	43,087	43,000	47,000
Swim pool-Village 1-Chemicals	-	5,000	6,000
Swim pool-Village 1-Water	-	75,000	82,000
Swim pool-Village 1-Miscellaneous	165	-	-
Swim pool-Village 1-Op and Maint	17,062	3,000	4,000
Total Swimming Pool - Village 1	60,314	126,000	139,000
Swimming Pool - Village 2 West			
Swim pool-Village 2 W-Management staffing	-	90,000	99,000
Swim Pool-Village 2 W-Security	1,968	1,000	1,000
Swim pool-Village 2 W-Water	111,926	100,000	110,000
Swim pool-Village 2 W-Op and Maint	85,926	14,000	15,000
Swim pool-Village 2 W-Electricity	8,837	8,000	9,000
Swim pool-Village 2 W-Gas	22,532	18,000	20,000
Swim pool-Village 2 W-Sewer	2,515	19,000	21,000
Swim pool-Village 2 W-Building O&M	200	-	-
Total Swimming Pool - Village 2 West	233,904	250,000	275,000
LANDSCAPE MAINTENANCE	1,769,627	2,100,000	2,312,000
LANDSCAPE MAINTENANCE - CARRIAGE HOUSE	351,947	374,000	413,000
RECREATION CENTER	404,174	586,000	646,000
SWIMMING POOL	294,218	376,000	414,000
THE BARN - SUMMARY	-	408,400	800,000
Total expenditures	2,819,966	3,844,399	4,585,000

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
SPECIAL REVENUE FUND - THE RETREAT
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ 273,081	\$ 494,948
REVENUES			
Operating fees - Village 3W The Retreat	323,424	911,520	1,245,888
Intergovernmental - O&M taxes BLR MD No. 5	84,277	153,747	268,347
Total revenues	407,701	1,065,267	1,514,235
Total funds available	407,701	1,338,348	2,009,183
EXPENDITURES			
General and administrative			
Accounting	19,305	40,000	45,000
Auditing	4,300	4,500	4,775
Billing services	6,884	17,000	27,000
Community management	4,627	12,000	19,000
District management	19,818	45,000	55,000
Dues and licenses	334	1,000	1,100
Election expense	-	2,000	25,000
Electricity	-	3,000	5,000
Fencing repair	-	-	10,000
Insurance and bonds	495	4,000	10,000
Legal services	10,815	31,000	40,000
Landscape common	34,283	86,000	200,000
Ranch Pass	15,722	39,500	60,480
Street repair	-	-	10,000
Sidewalk repair	-	-	10,000
Snow Removal	-	60,000	150,000
Trash removal and recycle	17,754	46,000	75,000
Water	-	43,000	43,000
Website maintenance	283	1,000	600
The Barn-Lifestyle Experience	-	200,000	404,000
The Barn Utilities	-	83,600	87,000
The Barn Facility Operations&Maintenance	-	74,800	79,000
The Retreat-Swimming Pool	-	50,000	230,000
Total expenditures	134,620	843,400	1,590,955
Total expenditures and transfers out requiring appropriation	134,620	843,400	1,590,955
ENDING FUND BALANCE	\$ 273,081	\$ 494,948	\$ 418,228
EMERGENCY RESERVE	\$ 12,200	\$ 32,000	\$ 45,400
REPLACEMENT RESERVE	28,075	108,825	250,000
AVAILABLE FOR OPERATIONS	232,806	354,123	122,828
TOTAL RESERVE	\$ 273,081	\$ 494,948	\$ 418,228

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
THE RETREAT
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/18/23

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

Lifestyle Experience Operations

Salaries and benefits	-	\$ 114,000	\$ 271,000
Part time and seasonal associates	-	25,800	33,000
Events and activities programming	-	34,000	57,000
Community teams and interest group support	-	4,800	5,000
Member website and program licenses	-	6,000	6,000
Resident correspondence and postage	-	600	1,000
Holiday decorations	-	3,000	3,000
Meeting supplies	-	600	1,000
General office supplies and postage	-	600	1,000
Office equipment, supplies, and repair	-	600	1,000
Program support and administration	-	10,000	25,000
Total Lifestyle Experience	-	200,000	404,000

Utilities

Gas	-	21,000	22,000
Electricity	-	27,000	28,000
Water/Sewer	-	24,500	25,000
Trash service	-	2,100	2,000
Phone/Internet/Cable	-	9,000	10,000
Total Utilities	-	83,600	87,000

Facility Operations and Maintenance

HVAC maintenance	-	8,000	8,000
Pest control	-	2,400	3,000
Landscaping maintenance	-	26,400	28,000
Building repairs	-	6,000	6,000
Cleaning services	-	14,000	15,000
Monitoring services	-	1,200	1,300
Fitness equipment maintenance	-	1,800	2,000
Fitness equipment replacement	-	2,500	2,700
Snow removal	-	12,500	13,000
Total Facility Operations and Maintenance	-	74,800	79,000

Swimming Pool

Seasonal associates	-	10,800	40,000
Chemicals	-	2,800	30,000
Cleaning Services	-	5,000	20,000
Gas	-	3,300	10,000
Electricity	-	3,000	15,000
Pool Maintenance	-	13,000	60,000
Trash service	-	2,100	5,000
Water	-	10,000	50,000
Total Swimming Pool	-	50,000	230,000

Total The Barn - Expenditures

	-	408,400	800,000
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BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Intergovernmental - BLR MD No. 5	862,074	259,185	-
Total revenues	<u>862,074</u>	<u>259,185</u>	<u>-</u>
Total funds available	<u>862,074</u>	<u>259,185</u>	<u>-</u>
EXPENDITURES			
Capital Projects			
Capital outlay	862,074	259,185	-
Total expenditures	<u>862,074</u>	<u>259,185</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>862,074</u>	<u>259,185</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Banning Lewis Ranch Metropolitan District No. 1 (“the District”), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado on December 1, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide street improvements, parks and recreational facilities, water supply, wastewater facilities, traffic and safety controls, public transportation, fire protection, mosquito control, television relay and operation and maintenance. The District, organized in conjunction with six other related Districts - Banning Lewis Ranch Metropolitan District Nos. 2-5, 6 (now Banning Lewis Ranch Regional Metropolitan District No. 1), and 7 (now Banning Lewis Ranch Regional Metropolitan District No. 2), is the Operating District which will pay all vendors of and receive reimbursement/contributions from the Financing Districts. District Nos. 2-5 and Banning Lewis Ranch Regional Metropolitan District No. 1 are the Financing Districts which will issue debt, levy ad valorem taxes on taxable properties within each District and assess fees, rates and other charges as authorized by law. Banning Lewis Ranch Regional Metropolitan District will serve as the Regional Improvement District serving all of the Districts. The District’s service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

During elections held on November 1, 2005, the District’s voter’s authorized total general obligation indebtedness of \$929,500,000 for the above listed facilities and powers as well as for refunding of debt. The elections also approved annual increases in property taxes of up to \$8,000,000, without limitation to rate, to pay the District’s operations and maintenance costs. The election also allows the District to retain all revenues without regard to the limitation contained in Article X, Section 20 of the Colorado constitution or any other law.

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

District Operating Fees

The District currently collects an operating fee of \$86.45 per month from homeowners of the following: Northtree Village No. 1 in District No. 2, Northtree Village No. 2 West in District No. 3, Northtree Village No. 2 East in District No. 4, and Northtree Village No. 3 East in District No. 4. This monthly fee is to help pay for the costs of trash removal and to cover a portion of the Northtree Recreation Center expenditures. No operating fee increases have been budgeted for 2023.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

District Operating Fees (continued)

The District also collects or expects to collect an operating fee of \$88.00 per month from homeowners of Carriage House, Bungalows, and Townhomes in District Nos. 3 and 4 to pay for the costs of front yard landscaping maintenance and repairs, park and common area maintenance, snow removal within the common driveway, and utilities (water and electric). No operating fee increases have been budgeted for 2023.

The District also collects or expects to collect an operating fee of \$179.90 per month from homeowners of the Village 3 East in District No. 4 and service fees of \$288.00 per month from the homeowners of the Village 3 West in District No. 5 to pay for costs of trash removal and recycling, to cover a portion of the recreation center expenditures, and to cover the costs of front yard landscaping, maintenance and repairs, park and common area maintenance, snow removal within the common driveway, and utilities (water and electric). No operating fee increases have been budgeted for 2023.

Intergovernmental Revenue – Operations and Maintenance Taxes

The District has entered into a District Facilities Agreement (Agreements) with each of District Nos. 2, 3, 4, 5 and 8 (the Financing Districts). Per the Agreements, each of the Financing Districts is to levy a tax for operations and maintenance and remit such tax to the District to be used to pay for a portion of the expenditures to operate and maintain the Northtree Recreation Center, swimming pool facilities, and landscaping, as well as for administrative expenditures for the Financing Districts. It is anticipated that District Nos. 2, 3, 4, 5 and 8 will levy an operations and maintenance mill levy of 22.906 and transfer these taxes to the District.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 2.50%.

Ranch House Rentals

Ranch house rentals includes District charges to residents for recreation center rental fees, recreation center access card replacements and other miscellaneous charges imposed by the District related to the recreation centers.

Design Review Fees

The District imposes a fee associated with the review and approval by the District for landscape design plans.

YMCA Program Revenues

The YMCA operates the recreational facilities within the District and charges fees to residents for additional recreational programs and special events. Net fees are remitted to the District.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative Expenditures

Administrative expenditures include the services necessary to maintain the administrative viability such as legal, accounting, audit, managerial, insurance, meeting expense and other administrative expenses for the Districts.

Trash Removal

The District expects to pay \$16.45 for trash removal per month per homeowner within the Financing Districts. This cost will be recouped from homeowners through the District Operating Fee (see related notes above for “District Operating Fees”).

Landscape Maintenance

The District will incur certain costs for landscaping within Northtree Village No. 1, Northtree Village No. 2 West, Northtree Village No. 2 East, Northtree Village No. 3 West, and Northtree Village No. 3 East. Such costs may include snow removal, electricity, landscape and other landscaping repairs and maintenance. These costs will be offset by a portion of the monthly District Operating Fees not used for trash removal, as well as with revenue resulted from the operations and maintenance and property taxes remitted by the Financing Districts per the District Facilities Agreements.

Recreation Center

The District will incur certain costs to operate and maintain the Northtree Village Recreation Center. Such costs include management fees, utilities such as water, trash, telephone and electricity, security services, cleaning services, repairs and maintenance, office supplies, program, and other costs. These costs will be offset by a portion of the monthly District Operating Fees not used for trash removal, as well as with revenue resulted from the operations and maintenance and property taxes remitted by the Financing Districts per the District Facilities Agreements.

Swimming Pools

The District will incur certain costs to operate and maintain the swimming pool located in the Northtree Recreation Center and the Aquatic Center located in Northtree Village No. 2 West. Such costs include chemicals, water, lifeguards and other operation and maintenance costs. These costs will be offset by a portion of the monthly District Operating Fees not used for trash removal, as well as with revenue resulted from the operations and maintenance and property taxes remitted by the Financing Districts per the District Facilities Agreements.

Debt and Leases

The District has no outstanding debt and has no operating or capital leases.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Emergency Reserves

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

This information is an integral part of the accompanying budget.