

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8

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 any District's Public Improvements as of December 31 of the prior year.

None.

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

During the report year of 2022, the District constructed streets, water and sewer infrastructure and parks and recreational infrastructure.

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.

None.

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

The assessed valuation for the current year is: \$3,466,190.

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. 8
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 1,077	\$ 21,420,946	\$ 18,102,215
REVENUES			
Property taxes	46	19,656	178,093
Specific ownership tax	5	1,970	17,809
Interest income	2,458	95,550	138,300
Facilities fees	101,000	200,000	186,000
Bond issuance	22,000,000	-	-
Other revenue	-	-	22,363
Total revenues	<u>22,103,509</u>	<u>317,176</u>	<u>542,565</u>
Total funds available	<u>22,104,586</u>	<u>21,738,122</u>	<u>18,644,780</u>
EXPENDITURES			
General Fund	1,097	8,649	86,024
Debt Service Fund	-	314,558	320,841
Capital Projects Fund	682,543	3,312,700	18,237,915
Total expenditures	<u>683,640</u>	<u>3,635,907</u>	<u>18,644,780</u>
Total expenditures and transfers out requiring appropriation	<u>683,640</u>	<u>3,635,907</u>	<u>18,644,780</u>
ENDING FUND BALANCES	<u>\$ 21,420,946</u>	<u>\$ 18,102,215</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Single Family Residential	\$ -	\$ -	\$ 657,650
Agricultural	-	1,450	1,130
Vacant land	830	351,670	2,807,410
	<u>830</u>	<u>353,120</u>	<u>3,466,190</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 830</u>	<u>\$ 353,120</u>	<u>\$ 3,466,190</u>
MILL LEVY			
General	22.266	22.266	20.552
Debt Service	33.398	33.398	30.828
Total mill levy	<u>55.664</u>	<u>55.664</u>	<u>51.380</u>
PROPERTY TAXES			
General	\$ 18	\$ 7,863	\$ 71,237
Debt Service	28	11,793	106,856
	<u>46</u>	<u>19,656</u>	<u>178,093</u>
Levied property taxes	46	19,656	178,093
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
Budgeted property taxes	<u>\$ 46</u>	<u>\$ 19,656</u>	<u>\$ 178,093</u>
BUDGETED PROPERTY TAXES			
General	\$ 18	\$ 7,863	\$ 71,237
Debt Service	28	11,793	106,856
	<u>\$ 46</u>	<u>\$ 19,656</u>	<u>\$ 178,093</u>

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/26/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 1,077	\$ -	\$ -
REVENUES			
Property taxes	18	7,863	71,237
Specific ownership tax	2	786	7,124
Interest income	-	-	300
Other revenue	-	-	7,363
Total revenues	20	8,649	86,024
Total funds available	1,097	8,649	86,024
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	118	1,069
Contingency	-	-	9,315
Intergovernmental expenditures - District No. 1	1,097	8,531	75,640
Total expenditures	1,097	8,649	86,024
Total expenditures and transfers out requiring appropriation	1,097	8,649	86,024
ENDING FUND BALANCES	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ 101,031	\$ -
REVENUES			
Property taxes	28	11,793	106,856
Specific ownership tax	3	1,184	10,685
Interest income	-	550	2,300
Facilities fees	101,000	200,000	186,000
Other revenue	-	-	15,000
Total revenues	<u>101,031</u>	<u>213,527</u>	<u>320,841</u>
Total funds available	<u>101,031</u>	<u>314,558</u>	<u>320,841</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	177	1,603
Paying agent fees	-	4,000	4,000
Contingency	-	-	15,000
Bond interest - Senior Bonds	-	310,381	300,238
Total expenditures	<u>-</u>	<u>314,558</u>	<u>320,841</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>314,558</u>	<u>320,841</u>
ENDING FUND BALANCES	<u>\$ 101,031</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
 CAPITAL PROJECTS FUND
 2023 BUDGET
 WITH 2021 ACTUAL AND 2022 ESTIMATED
 For the Years Ended and Ending December 31,**

1/26/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ 21,319,915	\$ 18,102,215
REVENUES			
Interest income	2,458	95,000	135,700
Bond issuance	22,000,000	-	-
Total revenues	<u>22,002,458</u>	<u>95,000</u>	<u>135,700</u>
Total funds available	<u>22,002,458</u>	<u>21,414,915</u>	<u>18,237,915</u>
EXPENDITURES			
General and Administrative			
District management	-	2,700	3,500
Capital Projects			
Engineering	-	10,000	11,000
Bond issue discount	440,000	-	-
Bond Issue Costs	242,543	-	-
Capital outlay	-	3,300,000	18,223,415
Total expenditures	<u>682,543</u>	<u>3,312,700</u>	<u>18,237,915</u>
Total expenditures and transfers out requiring appropriation	<u>682,543</u>	<u>3,312,700</u>	<u>18,237,915</u>
ENDING FUND BALANCES	<u>\$ 21,319,915</u>	<u>\$ 18,102,215</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Banning Lewis Ranch Metropolitan District No. 8 (“the District”) and Banning Lewis Ranch Metropolitan District Nos. 9, 10 and 11 were formed under a Service Plan approved by the City of Colorado Springs, El Paso County, Colorado (the “City”), on August 28, 2018. The District was organized by El Paso County Court Order on December 5, 2018.

At an election held on November 6, 2018, the voters approved general indebtedness of \$75,000,000 at a maximum interest rate of 18% for each of the following improvements and services: water supply, sanitary sewer, streets, traffic and safety controls, parks and recreation, public transportation, television relay and translation. The election authorized indebtedness of \$10,000,000 for operations and maintenance, \$75,000,000 for reimbursement agreements, and \$100,000,000 for debt refunding. The voters also approved an annual increase in taxes of up to \$5,000,000 at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District’s operations, maintenance, and other expenses. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution.

Pursuant to the Districts’ Service Plan filed with the City, the maximum debt mill levy for a residential district shall be 30 mills, which can be adjusted for changes in the method of calculating assessed valuation after January 1, 2006. The adjusted maximum debt mill levy is 34.359. The maximum debt mill levy for a commercial district is 50 mills. Pursuant to the Service Plan, the Districts are permitted to issue bond indebtedness of up to \$100,000,000.

The maximum operating mill levy for the payment of operating and maintenance expenses is 20 mills, which can be adjusted for changes in the method of calculating assessed valuation after January 1, 2006. The adjusted maximum operating mill levy is 22.906.

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 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 property taxes is reflected on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
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%.

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 10% of the property taxes collected.

Facilities Fees

The District assesses a system development fee of \$1,000 per lot, which is collected at time of lot sale. The budget anticipates the collection of facilities fees from 200 lots in 2022, and 186 lots in 2023. These fees are pledged toward payment of debt service of the District's Series 2018A General Obligation Bonds.

Interest Income

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

Expenditures

Intergovernmental expenditure – Banning Lewis Ranch Metropolitan District No. 1

Property taxes generated from the 20.552 mills levied by the District for operations and maintenance, net of fees, are expected to be transferred to Banning Lewis Ranch Metropolitan District No. 1, the Operating District, which pays all administrative expenditures of the District.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

Limited Tax General Obligation Bonds, Series 2021(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on July 29, 2021, in the par amount of \$22,000,000. Proceeds from the sale of the Bonds were used to finance or reimburse the costs of public improvements related to the development and pay the costs of issuing the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 4.875% per annum and are payable annually on December 1, beginning on December 1, 2021 from and to the extent of available Pledged Revenue, if any. The Bonds mature on December 1, 2051.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Bonds compounds annually on each December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 1, 2060, such amounts shall be extinguished and no longer due and outstanding.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2026, to May 31, 2027	3.00%
June 1, 2027, to May 31, 2028	2.00
June 1, 2028, to May 31, 2029	1.00
June 1, 2029, and thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Capital Fees, if any; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

“Property Tax Revenues” means all monies derived from imposition by the District of the Required Mill Levy and does not include specific ownership taxes. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

“Specific Ownership Tax Revenues” means the specific ownership taxes remitted to the District as a result of its imposition of its Required Mill Levy.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Pledged Revenue (continued)

“Capital Fees” means all fees, rates, tolls penalties, and charges of a capital nature (excluding periodic, recurring service charges now or hereafter imposed by the District, including the Facility Fees. The District imposes Facility Fees in the amount of \$1,000 for each single-family detached or attached residential unit within the District. The Facility Fees are payable at the time a building permit is issued by the County for a residential unit.

Required Mill Levy

Pursuant to the Indenture, the District has covenanted to impose a Required Mill Levy upon all taxable property of the District each year in an amount equal to 30 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2006) or such lesser amount that will generate Property Tax Revenues which, when combined with moneys then on deposit in the Bond Fund, will pay the Bonds in full in the year such levy is collected.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Schedule of Long Term Obligations

	Balance at December 31, 2021	Additions*	Repayments*	Balance at December 31, 2022*
G.O. Bonds - Series 2021	\$ 22,000,000	\$ -	\$ -	\$ 22,000,000
Accrued interest - Series 2021	454,310	783,006	310,381	926,935
Developer Advances - Operating	31,000	-	-	31,000
Accrued interest - Operating	6,197	2,480	-	8,677
	<u>22,491,507</u>	<u>785,486</u>	<u>310,381</u>	<u>22,966,612</u>
	<u>\$ 22,491,507</u>	<u>\$ 785,486</u>	<u>\$ 310,381</u>	<u>\$ 22,966,612</u>
	Balance at December 31, 2022*	Additions*	Repayments*	Balance at December 31, 2023*
G.O. Bonds - Series 2021	\$ 22,000,000	\$ -	\$ -	\$ 22,000,000
Accrued interest - Series 2021	926,935	818,026	300,238	1,434,372
Developer Advances - Operating	31,000	-	-	31,000
Accrued interest - Operating	8,677	2,480	-	11,157
	<u>22,966,612</u>	<u>820,506</u>	<u>300,238</u>	<u>23,476,529</u>
	<u>\$ 22,966,612</u>	<u>\$ 820,506</u>	<u>\$ 300,238</u>	<u>\$ 23,476,529</u>

* Estimate

The District has no operating or capital leases.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 8
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 1, which pays for all the District's operations and maintenance costs, the Emergency Reserve for these funds is reflected in the budget of District No. 1.

This information is an integral part of the accompanying budget.