

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4

2022 ANNUAL REPORT

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

During the report year of 2022, there were no changes made to the District's boundaries.

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.

During the report year of 2022, the District were not involved in any litigation.

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

All public improvements have been completed in accordance with the Service Plan.

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 of the District for 2023 is \$32,775.370

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

The 2023 budget is 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.

During the report year of 2022, the District did not have any uncured events on default.

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.

During the report year of 2022, the District did not have an inability to pay their obligations.

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. 4
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

12/6/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 1,555,449	\$ 1,755,853	\$ 2,197,371
REVENUES			
Property taxes	922,207	1,534,607	1,858,429
Specific ownership tax	108,415	154,128	185,843
Interest income	1,621	10,450	36,500
Facilities fees	316,000	164,000	-
Other revenue	-	-	10,709
Total revenues	<u>1,348,243</u>	<u>1,863,185</u>	<u>2,091,481</u>
Total funds available	<u>2,903,692</u>	<u>3,619,038</u>	<u>4,288,852</u>
EXPENDITURES			
General Fund	412,631	675,956	829,025
Debt Service Fund	735,208	745,711	1,150,502
Total expenditures	<u>1,147,839</u>	<u>1,421,667</u>	<u>1,979,527</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,147,839</u>	<u>1,421,667</u>	<u>1,979,527</u>
ENDING FUND BALANCES	<u>\$ 1,755,853</u>	<u>\$ 2,197,371</u>	<u>\$ 2,309,325</u>
DEBT SERVICE RESERVE (MAX OF \$1,057,325)	\$ 1,057,325	\$ 1,057,325	\$ 1,057,325
SURPLUS FUND (MAX OF \$1,252,000)	698,528	1,140,046	1,252,000
TOTAL RESERVE	<u>\$ 1,755,853</u>	<u>\$ 2,197,371</u>	<u>\$ 2,309,325</u>

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

12/6/22

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

ASSESSED VALUATION

Single Family Residential	\$ 10,741,060	\$ 22,838,910	\$ 30,235,030
Commercial	40,010	140,340	120,220
Natural Resources	12,350	-	40
Vacant land	5,791,760	4,589,860	2,420,080
	16,585,180	27,569,110	32,775,370
Adjustments	-	-	-
Certified Assessed Value	\$ 16,585,180	\$ 27,569,110	\$ 32,775,370

MILL LEVY

General	22.266	22.266	22.681
Debt Service	33.398	33.398	34.021
Total mill levy	55.664	55.664	56.702

PROPERTY TAXES

General	\$ 369,285	\$ 613,854	\$ 743,378
Debt Service	553,912	920,753	1,115,051
Refund and abatements	-	-	-
Levied property taxes	923,197	1,534,607	1,858,429
Adjustments to actual/rounding	(990)	-	-
Budgeted property taxes	\$ 922,207	\$ 1,534,607	\$ 1,858,429
Agricultural	-	-	-

BUDGETED PROPERTY TAXES

General	\$ 368,889	\$ 613,854	\$ 743,378
Debt Service	553,318	920,753	1,115,051
ARI	-	-	-
	\$ 922,207	\$ 1,534,607	\$ 1,858,429

No assurance provided. See summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/6/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	368,889	613,854	743,378
Specific ownership tax	43,367	61,652	74,338
Interest income	375	450	600
Other revenue	-	-	10,709
Total revenues	<u>412,631</u>	<u>675,956</u>	<u>829,025</u>
Total funds available	<u>412,631</u>	<u>675,956</u>	<u>829,025</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	5,539	9,208	11,151
Contingency	-	-	12,565
Operations and maintenance			
Transfers to BLR 1 O&M Taxes	407,092	666,748	805,309
Total expenditures	<u>412,631</u>	<u>675,956</u>	<u>829,025</u>
Total expenditures and transfers out requiring appropriation	<u>412,631</u>	<u>675,956</u>	<u>829,025</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

12/6/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 1,555,449	\$ 1,755,853	\$ 2,197,371
REVENUES			
Property taxes	553,318	920,753	1,115,051
Specific ownership tax	65,048	92,476	111,505
Interest income	1,246	10,000	35,900
Facilities fees	316,000	164,000	-
Total revenues	935,612	1,187,229	1,262,456
Total funds available	2,491,061	2,943,082	3,459,827
EXPENDITURES			
Debt Service			
Bond interest - Series 2018A	719,900	719,900	719,613
Bond interest Series - 2018B	-	-	300,688
Bond principal - Series 2018	-	5,000	100,000
County Treasurer's fee	8,308	13,811	16,726
Contingency	-	-	6,475
Paying agent fees	7,000	7,000	7,000
Total expenditures	735,208	745,711	1,150,502
Total expenditures and transfers out requiring appropriation	735,208	745,711	1,150,502
ENDING FUND BALANCE	\$ 1,755,853	\$ 2,197,371	\$ 2,309,325
DEBT SERVICE RESERVE (MAX OF \$1,057,325)	\$ 1,057,325	\$ 1,057,325	\$ 1,057,325
SURPLUS FUND (MAX OF \$1,252,000)	698,528	1,140,046	1,252,000
TOTAL RESERVE	\$ 1,755,853	\$ 2,197,371	\$ 2,309,325

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The Banning Lewis Ranch Metropolitan District No. 4 (“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 and television relay. The District is one of the Financing Districts organized in conjunction with ten other related Districts - Banning Lewis Ranch Metropolitan District Nos. 1, 2, 4, 5, 6 (now Banning Lewis Ranch Regional Metropolitan District No. 1), 7 (now Banning Lewis Ranch Regional Metropolitan District No. 2), 8, 9, 10, and 11. District No.1 serves as the Operating District which will pay all vendors of and receive reimbursements and/or contributions from the Financing Districts. All other Districts, including District No. 4, 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 No. 1 will serve as the Regional Improvement District serving District Nos. 1-5. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

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. 4
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.

Interest Income

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

Expenditures

County Treasurer's Fees

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

Intergovernmental expenditure – Banning Lewis Ranch Metropolitan District No. 1 - O&M Taxes

Property taxes generated from the 22.681 mills levied by the District for operations and maintenance, net of fees, are expected to be transferred to District No. 1, the Operating District, which pays all administrative expenditures of the District.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the District's Series 2018A General Obligation Bonds (discussed under Debt and Leases).

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases

On December 11, 2018, the District issued General Obligation Bonds, Series 2018A (2018A Bonds), in the principal amount of \$12,520,000 for the purpose of paying and reimbursing the costs of capital infrastructure improvements, funding a Senior Reserve Fund, providing capitalized interest on the 2018A Bonds, and paying costs of issuance of the Bonds. The 2018A Bonds have a maturity date of December 1, 2048, and carry a fixed interest rate of 5.750%. Interest is payable on June 1 and December 1 of each year beginning on June 1, 2019. Principal payments are due annually on December 1, beginning on December 1, 2022. The debt to maturity schedule is provided on page 12 of the Budget.

On December 11, 2018, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2018B (2018B Subordinate Bonds), in the principal amount of \$2,063,000 for the purpose of paying and reimbursing the costs of capital infrastructure improvements. The 2018B Subordinate Bonds have a maturity date of December 15, 2048 and carry a fixed interest rate of 8.000%. The 2018B Subordinate Bonds are cash-flow bonds and no payments are expected on these bonds until 2023. Therefore no estimated debt to maturity schedule is provided.

On December 11, 2018, the District issued Junior Lien General Obligation Bonds, Series 2018C (2018C Junior Lien Bonds), in the principal amount of \$4,134,000 for the purpose of reimbursing the costs of capital infrastructure improvements paid for by the Developer. The 2018C Junior Lien Bonds have a maturity date of December 15, 2051 and carry a fixed interest rate of 8.000%. The 2018C Junior Lien Bonds are cash-flow bonds and no payments are expected on these bonds until maturity. Therefore no estimated debt to maturity schedule is provided.

The 2018A Bonds are secured by and payable solely from the Senior Pledged Revenue, which includes property taxes derived from the Senior Required Mill Levy, net of the cost of collection, Specific Ownership Taxes attributable to the Senior Required Mill Levy, Facility Fees, and any other legally available moneys of the District credited to the Senior Revenue Fund.

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount which, if imposed by the District for collection in the succeeding calendar year, would generate Senior Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Senior Bonds as the same become due and payable (less any amounts then on deposit in the Senior Bond Fund, and solely as provided in the Senior Indenture, the Surplus Fund and the Reserve Fund, respectively) and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 30 mills (subject to adjustment described below); provided, however, that (i) for so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy shall be equal to 30 mills (as adjusted) or such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Senior Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Senior Bonds as the same become due and payable, to replenish the Reserve Fund to the Reserve Requirement, and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Senior Bond Fund and the Surplus Fund and the Reserve Fund, will pay the Senior Bonds in full in the year such levy is collected. In no event is the District to be required to impose the Senior Required Mill Levy after December 2057 (for collection in calendar year 2058).

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

In the event that the method of calculating assessed valuation is changed after January 1, 2008, the minimum and maximum mill levies of 30 mills will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

The Series 2018A Bonds are further secured by amounts held by the Trustee in the Reserve Fund in the amount of \$1,057,325, as well as a Surplus Fund up to a maximum amount of \$1,252,000. No payments may be made on the Series 2018B Subordinate Bonds or Series 2018C Junior Lien Bonds if the Reserve Fund and the Surplus Fund are less than the maximum amounts.

The 2018B Subordinate and 2018C Junior Lien Bonds are secured by and payable solely from the Subordinate Pledged Revenue, which includes property taxes derived from the required subordinate mill levy, net of the cost of collection, Specific Ownership Taxes attributable to the Subordinate Required Mill Levy, Subordinate Facility Fees, and any other legally available moneys of the District credited to Subordinate Pledged Revenue.

The Subordinate Indenture requires the District to impose a Subordinate Required Mill Levy on all taxable property of the District each year in an amount equal to (i) 30 mills (as adjusted) less the Senior Obligation Mill Levy (the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations), or (ii) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Subordinate Bonds in full in the year such levy is collected. In no event is the District to be required to impose the Subordinate Required Mill Levy after December 2057 (for collection in calendar year 2058).

The Junior Lien Indenture requires the District to impose a Junior Lien Required Mill Levy on all taxable property of the District each year in an amount equal to (i) 30 mills (as adjusted) less the Senior/Subordinate Required Mill Levy (the sum of the Senior Required Mill Levy, the Subordinate Required Mill Levy, and any other ad valorem property tax levy required to be imposed by the District for the payment of other Senior/Subordinate Obligations), or (ii) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Junior Lien Property Tax Revenues which, when combined with moneys then on deposit in the Junior Lien Bond Fund, will pay the Junior Lien Bonds in full in the year such levy is collected. In no event is the District to be required to impose the Junior Lien Required Mill Levy after December 2057 (for collection in calendar year 2058).

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Schedule of Long Term Obligations

	Balance at December 31, 2021	Additions*	Repayments*	Balance at December 31, 2022*
G.O. Limited Tax Bonds - Series 2018A	\$ 12,520,000	\$ -	\$ 5,000	\$ 12,515,000
G.O. Subordinate Bonds - Series 2018B	2,063,000	-	-	2,063,000
Series 2018B - Accrued Interest	572,239	219,603	-	791,842
Junior Lien Obligation Bonds - Series 2018C	4,134,000	-	-	4,134,000
Series 2018C - Accrued Interest	1,146,696	440,058	-	1,586,754
Developer Advances - Capital	4,046,448	-	-	4,046,448
Accrued interest - Capital	865,274	283,252	-	1,148,526
	<u>\$ 25,347,657</u>	<u>\$ 942,913</u>	<u>\$ 5,000</u>	<u>\$ 26,285,570</u>
	Balance at December 31, 2022*	Additions*	Repayments*	Balance at December 31, 2023*
G.O. Limited Tax Bonds - Series 2018A	\$ 12,515,000	\$ -	\$ 100,000	\$ 12,415,000
G.O. Subordinate Bonds - Series 2018B	2,063,000	-	-	2,063,000
Series 2018B - Accrued Interest	791,842	236,856	300,688	714,537
Junior Lien Obligation Bonds - Series 2018C	4,134,000	-	-	4,134,000
Series 2018C - Accrued Interest	1,586,754	476,730	-	2,063,484
Developer Advances - Capital	4,046,448	-	-	4,046,448
Accrued interest - Capital	1,148,526	283,251	-	1,431,777
	<u>\$ 26,285,570</u>	<u>\$ 996,837</u>	<u>\$ 400,688</u>	<u>\$ 26,868,246</u>

* Estimate

The District has no operating or capital leases.

Reserves

Debt Service Reserve

The District maintains a Debt Service Reserve of \$1,057,325 as required with the issuance of the Series 2018A Bonds.

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.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 4
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31, Year	\$12,520,000 General Obligation Bonds Series 2018A Dated December 11, 2018 Principal Due December 1 Interest Rate 5.750% Payable June 1 and December 1		
	Principal	Interest	Total
2023	\$ 100,000	\$ 719,613	\$ 819,613
2024	135,000	713,863	848,863
2025	145,000	706,100	851,100
2026	170,000	697,763	867,763
2027	180,000	687,988	867,988
2028	205,000	677,638	882,638
2029	220,000	665,850	885,850
2030	250,000	653,200	903,200
2031	260,000	638,825	898,825
2032	295,000	623,875	918,875
2033	310,000	606,913	916,913
2034	350,000	589,088	939,088
2035	370,000	568,962	938,962
2036	410,000	547,687	957,687
2037	430,000	524,112	954,112
2038	475,000	499,387	974,387
2039	505,000	472,075	977,075
2040	550,000	443,037	993,037
2041	585,000	411,412	996,412
2042	635,000	377,775	1,012,775
2043	675,000	341,262	1,016,262
2044	735,000	302,450	1,037,450
2045	775,000	260,187	1,035,187
2046	840,000	215,625	1,055,625
2047	890,000	167,325	1,057,325
2048	2,020,000	116,150	2,136,150
	<u>\$ 12,515,000</u>	<u>\$ 13,228,162</u>	<u>\$ 25,743,162</u>

NOTE: This debt to maturity schedule only represents the senior obligation of the District.
 No debt to maturity schedule has been provided for the 2018B Subordinate Bonds or the
 2018C Junior Lien Bonds because amounts are payable from subordinate pledged revenue,
 which may or may not be sufficient to make debt service payments when due.