

LETTER OF BUDGET TRANSMITTAL

Date: January 31, 2024

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2024 budget and budget message for THE SANDS METROPOLITAN DISTRICT NO. 2 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 2, 2023. If there are any questions on the budget, please contact:

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Tel.: 719-635-0330

I, S. Alan Vancil as Secretary of The Sands Metropolitan District No. 2, hereby certify that the attached is a true and correct copy of the 2024 budget.

By: S. Alan Vancil

RESOLUTION
TO ADOPT 2024 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
THE SANDS METROPOLITAN DISTRICT NO. 2

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2024 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SANDS METROPOLITAN DISTRICT NO. 2, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2024, AND ENDING ON THE LAST DAY OF DECEMBER, 2024,

WHEREAS, the Board of Directors of The Sands Metropolitan District No. 2 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 2, 2023 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$111,272 and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$ 445,096; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$ 0; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2023 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$ 8,351,240; and

WHEREAS, at an election held on November 8, 2016, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANDS METROPOLITAN DISTRICT NO. 2 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of The Sands Metropolitan District No. 2 for calendar year 2024.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2024 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2024 budget year, there is hereby levied a tax of 13.324 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2024 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby

levied a tax of 53.297 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2023.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2024 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2023.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2024 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2023 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

ADOPTED this 2nd day of November, 2023.

THE SANDS METROPOLITAN DISTRICT NO. 2

Jeff Mark

President

ATTEST:

S. Alan Vancil

Secretary

The Sands Metropolitan District No. 2			
General Fund Budget			
Year Ended 12/31/2024			
Modified Accrual Basis			
	2022	2023	2024
	12/31/2022	12/31/2023	Proposed
	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property Tax	73,292	85,009	111,272
Interest on Delinquent Tax	27	6	-
Specific Ownership Tax	7,621	8,798	11,127
Contingency Income	-	-	200
Total Revenues	80,940	93,813	122,599
EXPENDITURES			
County Collection Fee - 1.5% of Property Tax	1,100	1,275	1,669
Intergov Expense - District 1 General Fund	79,841	92,538	120,730
Contingency Expense	-	-	200
Total Expenses	80,941	93,813	122,599
Excess of Revenues over Expenditures	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

The Sands Metropolitan District No. 2			
Debt Service Fund Budget			
Year Ended 12/31/2024			
Modified Accrual Basis			
	2022	2023	2024
	12/31/2022	12/31/2023	Proposed
	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ 2,815	\$ 6,023	\$ 1,829
REVENUES			
Property Tax	293,164	340,037	445,096
Interest on Delinquent Tax	107	25	-
Specific Ownership Tax	30,483	35,184	44,510
Intergov Revenue District No. 1 Capital Fund	5,137	40,603	45,948
Intergov Revenue District No. 3 Capital Fund	72,712	101,059	156,220
Intergov Revenue District No. 4 Capital Fund	1,004	-	-
Contingency Income	-	-	1,000
Total Revenues	402,607	516,907	692,774
EXPENDITURES			
County Collection Fee - 1.5% of Property Tax	4,399	5,101	6,676
Bond interest expense	395,000	516,000	656,000
Contingency Expense	-	-	1,000
Total Expenses	399,399	521,101	663,676
Excess of Revenues over Expenditures	3,208	(4,194)	29,098
ENDING FUND BALANCE	\$ 6,023	\$ 1,829	\$ 30,927

The Sands Metropolitan District No. 1 - 4					
Property Taxes					
2023 Valuations for 2024 Taxes					
		District #	District #	District #	District #
		358	359	360	361
	Combined	District No. 1	District No. 2	District No. 3	District No. 4
Vacant Residential Land - Market Value	8,612,344	570,294	42,304	1,015,378	6,984,368
Percentage	29%	28%	28%	28%	28%
Assessed Value	2,403,440	159,100	11,800	283,290	1,949,250
Residential Land & Improvements - Market Value	125,643,951	-	124,392,171	-	1,251,780
Percentage	6.70%	6.95%	6.70%	6.95%	6.95%
Assessed Value	8,418,090		8,334,220	-	83,870
Commercial	16,060,602	3,050,500	3,709	13,006,393	2,966,164
Percentage	29%	28%	28%	28%	28%
Assessed Value	5,308,450	851,090	1,030	3,628,780	827,550
Natural Resources					279
Percentage					29%
Assessed Value					80
State Assessed	-	-	15,020	13,980	65,880
Percentage	29%	29%	28%	28%	29%
Assessed Value	26,470	-	4,190	3,900	18,380
Total Assessed Value	16,156,450	1,010,190	8,351,240	3,915,970	2,879,130
Mill Levies		52.401	66.621	36.768	52.870
Property Tax to be paid	905,505	52,935	556,368	143,982	152,220
Property Tax based on Mill Levy					
Debt Service	566,872		445,096		121,776
Contractual Obligations	186,330	42,348		143,982	
Operations & Maintenance	152,303	10,587	111,272	-	30,444
Total	905,505	52,935	556,368	143,982	152,220
Mill Levy Charged					
Debt Service			53.297		42.296
Contractual Obligations		41.921		36.768	
Operations & Maintenance		10.480	13.324	-	10.574
Total		52.401	66.621	36.768	52.870

**THE SANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

The Sands Metropolitan District No. 2 (the “District”) is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act, and was formed in November 2016 in El Paso County. The District, along with Districts 1 and 3, annexed into the City of Colorado Springs, CO in 2018 and have their own Service Plan. District 4 is in El Paso County and is governed by a separate Service Plan. The District was established as part of a “Multiple District Structure” for The Sands community and is generally located as follows: (i) Districts 1, 2 and 3 are located adjacent and to the North and East of the intersection of Constitution Avenue and Marksheffel Road (“Constitution/Marksheffel Parcel”); Overall, the Districts’ proposed boundaries are estimated to include approximately 114.304 acres of land (more or less) in its initial boundaries entirely within the City of Colorado Springs, El Paso County, State of Colorado. Along with its companion Districts Nos. 1 and 3, this “Service District” was organized to provide financing for the design, acquisition, construction and installation of public improvements, facilities and services. The public improvements to be provided by the Districts are proposed to include the types of facilities and improvements for streets and roadways, street landscaping, signage, monuments, and lighting, safety protection, park and recreation, sanitation and storm drainage, water improvements and other related improvements and their operation and maintenance.

The District has no employees at this time and all operations and administrative functions are contracted.

The following budget is prepared on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105.

GENERAL FUND

REVENUES

1. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill Levies are budgeted for Operations and Maintenance at 13.324 mills.
2. Specific ownership taxes are budgeted at 10% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the County treasurer to all taxing entities within the county.
3. Contingency income is budgeted for possible additional specific ownership taxes.

EXPENDITURES

1. County property tax collection fee is based on 1.5% of the property tax received.
2. Net tax revenues are paid as Intergovernmental Expenses to the General Fund in The Sands Metropolitan District # 1.
3. Contingency expense is budgeted for possible additional intergovernmental expenses.

**THE SANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

CAPITAL FUND

REVENUES & EXPENDITURES

No revenues or expenditures are budgeted for the Capital Fund for 2024.

DEBT SERVICE FUND

REVENUES

1. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill Levies are budgeted for Debt Service at 5.297 mills.
2. Specific ownership taxes are budgeted at 10% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the County treasurer to all taxing entities within the county.
3. Intergovernmental revenue is budgeted from Districts #1 and #3 for their pledged revenue to the District #2 debt.
4. Contingency income is budgeted for possible additional specific ownership taxes.

EXPENDITURES

1. County property tax collection fee is based on 1.5% of the property tax received.
2. Bond interest is based on the available funds to pay the interest.
3. Contingency Expense is budgeted for possible additional interest expense.

RESERVES

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year revenues. Since substantially all funds received by the District are transferred to The Sands Metropolitan District # 2, an emergency reserve is not reflected in the District's budget.

ADDITIONAL INFORMATION

1. The basis of accounting for the District is the Modified Accrual Basis.
2. There are no operating or capital lease obligations of the District.

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|----|-------------------|---|
| 1. | Purpose of Issue: | Public Infrastructure |
| | Series: | Limited Tax General Obligation Bonds, Series 2020 |
| | Date of Issue: | September 24, 2020 |
| | Coupon Rate: | 5.50% |
| | Maturity Date: | December 1, 20501 |
| | Levy: | 53.297 |
| | Revenue: | \$ 445,096 |
| 2. | Purpose of Issue: | _____ |
| | Series: | _____ |
| | Date of Issue: | _____ |
| | Coupon Rate: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

CONTRACTS^K:

- | | | |
|----|----------------------|-------|
| 3. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |
| 4. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.