

THE BRANDS METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

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

1/23/2023

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 41,952	\$ 177,334	\$ 316,453
REVENUES			
Property taxes	71,218	94,683	105,670
Specific ownership taxes	5,414	5,388	7,397
Interest income	6	-	-
Transfer from District No. 1 - Sales tax rebate	64,402	64,000	70,000
Transfer from District No. 1 - PIF	70,534	82,045	123,985
Loan issuance	1,550,000	-	-
Total revenues	<u>1,761,574</u>	<u>246,116</u>	<u>307,052</u>
TRANSFERS IN	<u>65,020</u>	<u>-</u>	<u>-</u>
Total funds available	<u>1,868,546</u>	<u>423,450</u>	<u>623,505</u>
EXPENDITURES			
General Fund	51,464	2,056	-
Debt Service Fund	1,574,728	104,941	110,000
Total expenditures	<u>1,626,192</u>	<u>106,997</u>	<u>110,000</u>
TRANSFERS OUT	<u>65,020</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,691,212</u>	<u>106,997</u>	<u>110,000</u>
ENDING FUND BALANCES	<u>\$ 177,334</u>	<u>\$ 316,453</u>	<u>\$ 513,505</u>
EMERGENCY RESERVE	\$ 2,300	\$ -	\$ -
DEBT SERVICE RESERVE	47,000	47,000	47,000
TOTAL RESERVE	<u>\$ 49,300</u>	<u>\$ 47,000</u>	<u>\$ 47,000</u>

No assurance provided. See summary of significant assumptions.

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

1/23/2023

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Commercial	\$ 1,744,379	\$ 2,186,867	\$ 2,482,200
Agricultural	2,292	91	83
State assessed	-	499	3,940
Vacant land	81,551	223,271	223,271
Certified Assessed Value	\$ 1,828,222	\$ 2,410,728	\$ 2,709,494
MILL LEVY			
General	39.000	0.000	0.000
Debt Service	0.000	39.000	39.000
Total mill levy	39.000	39.000	39.000
PROPERTY TAXES			
General	\$ 71,301	\$ -	\$ -
Debt Service	-	94,018	105,670
Levied property taxes	71,301	94,018	105,670
Adjustments to actual/rounding	(83)	665	-
Budgeted property taxes	\$ 71,218	\$ 94,683	\$ 105,670
BUDGETED PROPERTY TAXES			
General	\$ 71,218	\$ -	\$ -
Debt Service	-	94,683	105,670
	\$ 71,218	\$ 94,683	\$ 105,670

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

1/23/2023

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 41,952	\$ 2,106	\$ 50
REVENUES			
Property taxes	71,218	-	-
Specific ownership tax	5,414	-	-
Interest income	6	-	-
Total revenues	<u>76,638</u>	<u>-</u>	<u>-</u>
Total funds available	<u>118,590</u>	<u>2,106</u>	<u>50</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	1,424	-	-
Miscellaneous	40	-	-
Transfer to District No. 1	50,000	2,056	-
Total expenditures	<u>51,464</u>	<u>2,056</u>	<u>-</u>
TRANSFERS OUT			
Transfers to other fund	<u>65,020</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>116,484</u>	<u>2,056</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 2,106</u>	<u>\$ 50</u>	<u>\$ 50</u>

No assurance provided. See summary of significant assumptions.

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

1/23/2023

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ 175,228	\$ 316,403
REVENUES			
Property taxes	-	94,683	105,670
Specific ownership taxes	-	5,388	7,397
Transfer from District No. 1 - PIF	70,534	82,045	123,985
Transfer from District No. 1 - Sales tax rebate	64,402	64,000	70,000
Loan issuance	1,550,000	-	-
Total revenues	<u>1,684,936</u>	<u>246,116</u>	<u>307,052</u>
TRANSFERS IN			
Transfers from other funds	<u>65,020</u>	<u>-</u>	<u>-</u>
Total funds available	<u>1,749,956</u>	<u>421,344</u>	<u>623,455</u>
EXPENDITURES			
General and administrative			
County Treasurer's fees	-	1,883	2,113
Miscellaneous	20	20	-
Transfer to District No. 1	1,303,000	-	-
Paying agent fees	-	2,250	3,000
Contingency	-	-	4,485
Debt Service			
Loan interest - Series 2021A	23,265	34,428	33,402
Loan principal - Series 2021A	40,000	45,000	45,000
Non-Use fee	13,907	21,360	22,000
Loan issuance costs	194,536	-	-
Total expenditures	<u>1,574,728</u>	<u>104,941</u>	<u>110,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,574,728</u>	<u>104,941</u>	<u>110,000</u>
ENDING FUND BALANCES	<u>\$ 175,228</u>	<u>\$ 316,403</u>	<u>\$ 513,455</u>
DEBT SERVICE RESERVE	<u>\$ 47,000</u>	<u>\$ 47,000</u>	<u>\$ 47,000</u>
TOTAL RESERVE	<u>\$ 47,000</u>	<u>\$ 47,000</u>	<u>\$ 47,000</u>

No assurance provided. See summary of significant assumptions.

**THE BRANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Brands Metropolitan District No. 2 (the "District") (formerly known as Eagle Crossing Loveland Metropolitan District No. 2) organization was approved by eligible electors of the District at an election held on November 4, 2014. The District was organized by order of the District Court in and for Larimer County on January 6, 2015. The formation of the District was approved by the City of Loveland, Colorado in conjunction with the approval by the City Council of a Consolidated Service Plan for the District, The Brands Metropolitan District No. 1, the Brands Metropolitan District No. 3, and the Brands Metropolitan District No.4 (formerly known as Eagle Crossing Loveland Metropolitan District No. 1, Eagle Crossing Loveland Metropolitan District No. 3, and Eagle Crossing Loveland Metropolitan District No. 4, respectively) on September 16, 2014. The District exists as a quasi-municipal corporation and political subdivision of the State of Colorado under Title 32, Article 1 of the Colorado Revised Statutes, as amended (C.R.S.)

At a special election of the eligible electors of the District on November 4, 2014, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, operations and maintenance of the public improvements within the District including streets, parks and recreation, waterer and wastewater facilities, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security.

The District prepares its budget on modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statues 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, sale of 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 the taxes levied is displayed on the Property Tax Summary page of the budget using the mill levy imposed by the District.

**THE BRANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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 7% of the property taxes collected.

Transfers from The Brands Metropolitan District No. 1

Pursuant to a BAA and PIF Revenues Assignment Agreement dated April 8, 2021, the Brands Metropolitan District No.1 will remit all Assigned Revenues, net of the annual operations amount, to the District for the benefit of repaying the Loan discussed under Debts and Leases.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 2% of property tax collections.

Debt Service

Principal and interest payments for 2023 are provided based upon the debt amortization schedule of the Loan discussed below under Debts and Leases.

Debts and Leases

In April 2021, the District entered into a loan agreement with US Bank to obtain a tax-exempt, non-bank qualified, draw down term loan up to \$10,000,000 (Loan). The Loan is due on December 1, 2026, with interest due semiannually on June 1 and December 1 and principal due on December 1. Proceeds from this Loan were used to repay Developer-paid costs of public improvements, funding the Debt Service Reserve Fund and cover loan issue costs. Series 2021A Note in the amount of \$1,550,000 was drawn upon closing, bearing a 2.28% interest rate. Future draws are based on certain other conditions. A non-use fee of .25% per annum of the unfunded portion of the loan will be due and payable semi-annually.

The District has no operating or capital lease.

Reserves

The District maintains a reserve as required with the issuance of the Loan.

This information is an integral part of the accompanying budget.

**THE BRANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2023**

**\$1,550,000 Tax-Exempt Loan (Series 2021A)
Dated April 8, 2021
Interest rate 2.28%
Principal Due December 1
Interest Payable June 1 and December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 45,000	\$ 33,402	\$ 78,402
2024	45,000	32,376	77,376
2025	50,000	31,350	81,350
2026	1,325,000	30,210	1,355,210
	<u>\$ 1,465,000</u>	<u>\$ 127,338</u>	<u>\$ 1,592,338</u>

No assurance provided. See summary of significant assumptions.