

LETTER OF BUDGET TRANSMITTAL

Date: January 31, 2022

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

Attached are the 2022 budget and budget message for REAGAN RANCH METROPOLITAN DISTRICT NO. 2 in Colorado Springs, El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 2, 2021. If there are any questions on the budget, please contact:

Spencer Fane LLP
Attn: Russell W. Dykstra
1700 Lincoln Street, Suite 2000
Denver, CO 80203
Tel.: 303-839-3800

I, Danny Mientka, as President of the Reagan Ranch Metropolitan District No. 2, hereby certify that the attached is a true and correct copy of the 2022 budget.

By: Danny Mientka

**RESOLUTION
TO ADOPT 2022 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
REAGAN RANCH METROPOLITAN DISTRICT NO. 2**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2022 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 REAGAN RANCH METROPOLITAN DISTRICT NO. 2, COLORADO SPRINGS, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2022, AND ENDING ON THE LAST DAY OF DECEMBER, 2022,

WHEREAS, the Board of Directors of the Reagan Ranch 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, 2021 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 \$ 4; 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 \$ 0; 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 \$ 12; 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 2021 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$ 410; and

WHEREAS, at an election held on November 3, 2021 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 REAGAN RANCH METROPOLITAN DISTRICT NO. 2 OF COLORADO SPRINGS, 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 Reagan Ranch Metropolitan District No. 2 for calendar year 2022.

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 2022 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 2022 budget year, there is hereby levied a tax of 10.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2021.

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 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2021.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2022 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 0 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2021.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2022 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 30.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2021.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2022 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 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2021.

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 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2021.

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 by December 15, 2021, 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, 2021 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.

[remainder of page intentionally left blank; signature page follows]

ADOPTED this 2nd day of November, 2021.

REAGAN RANCH METROPOLITAN
DISTRICT NO. 2

Danny Mientka

President

ATTEST:



Secretary

ATTACH COPY OF THE ADOPTED BUDGET AND
THE CERTIFICATION OF TAX LEVIES

REAGAN RANCH METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

**REAGAN RANCH METROPOLITAN DISTRICT NO. 2
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

12/28/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	16
Specific ownership tax	-	-	3
Developer advance	-	-	-
Other revenue	-	-	1,981
Total revenues	<u>-</u>	<u>-</u>	<u>2,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>2,000</u>
EXPENDITURES			
General Fund	-	-	1,000
Debt Service Fund	-	-	1,000
Total expenditures	<u>-</u>	<u>-</u>	<u>2,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>2,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

REAGAN RANCH METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

12/28/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Agricultural	\$ -	\$ -	\$ 410
Certified Assessed Value	\$ -	\$ -	\$ 410
MILL LEVY			
General	0.000	0.000	10.000
Debt Service	0.000	0.000	30.000
Total mill levy	0.000	0.000	40.000
PROPERTY TAXES			
General	\$ -	\$ -	\$ 4
Debt Service	-	-	12
Levied property taxes	-	-	16
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
Budgeted property taxes	\$ -	\$ -	\$ 16
BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ 4
Debt Service	-	-	12
	\$ -	\$ -	\$ 16

REAGAN RANCH METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

12/28/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	4
Specific ownership tax	-	-	1
Other revenue	-	-	995
Total revenues	<u>-</u>	<u>-</u>	<u>1,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>1,000</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	-	1
Miscellaneous	-	-	995
Intergovernmental expenditures	-	-	4
Total expenditures	<u>-</u>	<u>-</u>	<u>1,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>1,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

REAGAN RANCH METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

12/28/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	12
Specific ownership tax	-	-	2
Other revenue	-	-	986
Total revenues	<u>-</u>	<u>-</u>	<u>1,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>1,000</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	-	1
Miscellaneous	-	-	986
Intergovernmental expenditures	-	-	13
Total expenditures	<u>-</u>	<u>-</u>	<u>1,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>1,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**REAGAN RANCH METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Reagan Ranch Metropolitan District No. 2 (“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 August 25, 2020, 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 for the planning, design, acquisition, construction, installation, relocation, and redevelopment of public improvements. The District is a Financing District organized in conjunction with two other related Districts – Reagan Ranch Metropolitan District No 1 and 3. The District serves as a Financing District which will levy ad valorem taxes on taxable properties within each District and assess fees, rates and other charges as authorized by law. Reagan Ranch Metropolitan District No. 1 is the Operating District which will pay all vendors of and receive reimbursement/contributions from the Financing Districts. 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 the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

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.

**REAGAN RANCH METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

County Treasurer's Fees

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

Intergovernmental expenditure

Property taxes generated from the 10.000 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. Property taxes generated from the 30.000 mills levied by the District for debt service, net of fees, are expected to be transferred to District No. 1.

Debt and Leases

The District has no operating or capital leases.

Reserves

Emergency Reserves

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 Reagan Ranch Metropolitan 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 Reagan Ranch Metropolitan District No. 1.

This information is an integral part of the accompanying budget.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of El Paso County, Colorado.

On behalf of the REAGAN RANCH METROPOLITAN DISTRICT NO. 2,
(taxing entity)^A

the Board of Directors
(governing body)^B

of the REAGAN RANCH METROPOLITAN DISTRICT NO. 2
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 410 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 410 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/10/2021 for budget/fiscal year 2022.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>10.000</u> mills	<u>\$ 4</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	10.000 mills	\$ 4
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	<u>30.000</u> mills	<u>\$12</u>
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	40.000 mills	\$16

Contact person: (print) Carrie Bartow Daytime phone: (719) 635-0330

Signed:  Title: Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

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: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: Capital Pledge Agreement
Title: Series 2021 General Obligation Bonds
Date: December 1, 2021
Principal Amount: \$17,890,000
Maturity Date: December 1, 2051
Levy: 30.000
Revenue: \$12

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.