

SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2024

**SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 2,109,866	\$ 279,467	\$ 120,250
REVENUES			
IGA - Beacon Point MD	40,785	46,840	65,198
IGA - Blackstone MD	51,036	51,006	299,897
IGA - Forest Trace MD No. 3	16,671	16,116	21,592
IGA - Inspiration MD	74,540	80,007	116,835
IGA - Pronghorn Valley MD	-	8,541	9,529
IGA - Senac South MD No. 1	-	8	10
IGA - Sorrel Ranch MD	25,205	26,227	39,090
IGA - Southlands MD No. 2	14,281	17,430	15,364
IGA - Wheatlands MD	51,525	51,832	65,668
IGA - Whispering Pines MD	33,954	34,658	38,409
Interest income	6,076	11,808	14,500
Other revenue	-	-	13,734
Total revenues	<u>314,073</u>	<u>344,473</u>	<u>699,826</u>
TRANSFERS IN	<u>77,273</u>	<u>253,611</u>	<u>78,826</u>
Total funds available	<u>2,501,212</u>	<u>877,551</u>	<u>898,902</u>
EXPENDITURES			
General Fund	62,058	64,434	100,000
Debt Service Fund	232,414	255,256	610,000
Capital Projects Fund	1,850,000	184,000	-
Total expenditures	<u>2,144,472</u>	<u>503,690</u>	<u>710,000</u>
TRANSFERS OUT	<u>77,273</u>	<u>253,611</u>	<u>78,826</u>
Total expenditures and transfers out requiring appropriation	<u>2,221,745</u>	<u>757,301</u>	<u>788,826</u>
ENDING FUND BALANCES	<u>\$ 279,467</u>	<u>\$ 120,250</u>	<u>\$ 110,076</u>

No assurance provided. See summary of significant assumptions.

**SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 253,802	\$ 272,397	\$ 120,250
REVENUES			
Interest income	3,380	9,808	11,000
Total revenues	<u>3,380</u>	<u>9,808</u>	<u>11,000</u>
TRANSFERS IN			
Transfers from other funds	<u>77,273</u>	<u>78,045</u>	<u>78,826</u>
Total funds available	<u>334,455</u>	<u>360,250</u>	<u>210,076</u>
EXPENDITURES			
General and administrative			
Accounting	22,910	30,000	34,100
Auditing	4,900	5,200	6,000
Directors' fees	4,000	2,000	5,500
Dues and membership	332	347	500
Insurance	2,300	2,345	3,000
District management	10,274	10,000	20,000
Legal	17,036	14,215	30,000
Payroll taxes	306	327	900
Total expenditures	<u>62,058</u>	<u>64,434</u>	<u>100,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>175,566</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>62,058</u>	<u>240,000</u>	<u>100,000</u>
ENDING FUND BALANCES	<u>\$ 272,397</u>	<u>\$ 120,250</u>	<u>\$ 110,076</u>

No assurance provided. See summary of significant assumptions.

**SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 168	\$ 136	\$ -
REVENUES			
IGA - Beacon Point MD	40,785	46,840	65,198
IGA - Blackstone MD	51,036	51,006	299,897
IGA - Forest Trace MD No. 3	16,671	16,116	21,592
IGA - Inspiration MD	74,540	80,007	116,835
IGA - Pronghorn Valley MD	-	8,541	9,529
IGA - Senac South MD No. 1	-	8	10
IGA - Sorrel Ranch MD	25,205	26,227	39,090
IGA - Southlands MD No. 2	14,281	17,430	15,364
IGA - Wheatlands MD	51,525	51,832	65,668
IGA - Whispering Pines MD	33,954	34,658	38,409
Interest income	1,658	500	3,500
Other revenue	-	-	13,734
Total revenues	<u>309,655</u>	<u>333,165</u>	<u>688,826</u>
Total funds available	<u>309,823</u>	<u>333,301</u>	<u>688,826</u>
EXPENDITURES			
Debt Service			
Paying agent fees	3,500	3,500	3,500
Contingency	-	-	13,734
Bond interest	228,914	251,756	592,766
Total expenditures	<u>232,414</u>	<u>255,256</u>	<u>610,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>77,273</u>	<u>78,045</u>	<u>78,826</u>
Total expenditures and transfers out requiring appropriation	<u>309,687</u>	<u>333,301</u>	<u>688,826</u>
ENDING FUND BALANCES	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 1,855,896	\$ 6,934	\$ -
REVENUES			
Cost Savings - Harvest Rd	-	-	-
Interest income	1,038	1,500	-
Total revenues	<u>1,038</u>	<u>1,500</u>	<u>-</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>175,566</u>	<u>-</u>
Total funds available	<u>1,856,934</u>	<u>184,000</u>	<u>-</u>
EXPENDITURES			
Capital Projects			
Quincy Ave Ln Addition - Design	1,800,000	-	-
Capital Outlay	-	-	-
Bond issue costs	50,000	184,000	-
Total expenditures	<u>1,850,000</u>	<u>184,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,850,000</u>	<u>184,000</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 6,934</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The South Aurora Regional Improvement Authority (Authority) was formed by resolution passed by the City Council of Aurora, Colorado (the City) pursuant to the Colorado Revised Statutes. An Establishment Agreement (the Establishment Agreement) was entered into by participating Member Districts to establish a legal, separate entity in conformity and subject to 29-1-203.5, C.R.S. to provide certain regional improvements.

The Authority currently has 21 Member Districts as shown in the following table.

Member District	County
Beacon Point Metropolitan District	Arapahoe
Forest Trace Metropolitan District No. 1	Arapahoe
Forest Trace Metropolitan District No. 2	Arapahoe
Forest Trace Metropolitan District No. 3	Arapahoe
Blackstone (High Plains) Metropolitan District	Arapahoe
Inspiration Metropolitan District	Douglas
Prairie Point (Kings Point) Metropolitan District No. 1	Arapahoe
Prairie Point (Kings Point) Metropolitan District No. 2	Arapahoe
Prairie Point (Kings Point) Metropolitan District No. 3	Arapahoe
Kings Point South Metropolitan District No. 1	Douglas
Kings Point South Metropolitan District No. 2	Douglas
Overlook at Kings Point South Metropolitan District	Douglas
Pronghorn Valley Metropolitan District	Arapahoe
Senac South Metropolitan District No. 1	Arapahoe
Senac South Metropolitan District No. 2	Arapahoe
Senac South Metropolitan District No. 3	Arapahoe
Senac South Metropolitan District No. 4	Arapahoe
Sorrel Ranch Metropolitan District	Arapahoe
Southlands Metropolitan District No. 2	Arapahoe
Wheatlands Metropolitan District	Arapahoe
Whispering Pines Metropolitan District No. 1	Arapahoe

The Authority was formed by the City and the Member Districts to provide regional street and transportation improvements in the southeastern portion of the City. The Authority was formed on July 10, 2017, upon the execution of the South Aurora Regional Improvement Establishment Agreement by and among the City and 11 of the current 21 Member Districts (the “Members”). In 2018, five additional Member Districts joined the Authority. The Establishment Agreement has been amended pursuant to a First Amendment. The Original Establishment Agreement, as amended, is referred to herein as the “Establishment Agreement”. In 2022, five additional Member Districts joined the Authority. At such time as a Member District has approved an ARI Master Plan, as defined in the Establishment Agreement, the Member District is required to remit revenues resulting from imposition of its respective ARI Mill Levy to the Authority for the purposes of funding Regional Improvements.

The Authority has no employees and all administrative functions are contracted.

**SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided (Continued)

The Authority prepares its budget on the modified accrual basis of accounting in accordance with the 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 Authority 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

Intergovernmental revenue

At such time as a Member District has approved an Aurora Regional Improvement Master Plan, as defined in the Establishment Agreement, the Member District is required to remit revenues resulting from imposition of its respective Aurora Regional Improvement (ARI) Mill Levy to the Authority for the purposes of funding regional improvements.

The ARI Mill Levy is required to first be imposed by Member Districts in the year in which the applicable Member District first imposed a debt service mill levy for the payment of Local Improvement Debt. The Authority receives property tax revenue from all Member Districts that currently impose a District debt service mill levy. For those Member Districts that currently levy an ARI Mill Levy, the ARI Mill Levy is levied in the amount of 1.0 mill, or 5.0 mills, as adjusted.

Net Investment Income

Interest earned on the Authority's available funds has been estimated based on an average interest rate of approximately 5%.

Expenditures

Administrative Expenditures

Administrative expenditures include the services necessary to maintain the administrative viability such as, legal, accounting, audit, district management, insurance, contractual services and other administrative expenses for the Authority.

Debt Service

There is no debt amortization schedule provided for the Series 2018 Bonds (Described under Debt and Leases) as the Bonds are cash flow bonds and the timing of the payments are unknown.

Capital Outlay

Anticipated capital outlay expenditures are based on capital projects the Authority may construct.

**SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

Bond Details

The Authority issued the Bonds on December 19, 2018, in the par amount of \$11,265,000. The Bonds consist of a term bond which bears interest at the rate of 6.25% per annum, payable annually on December 1, beginning December 1, 2019, but only to the extent of available Pledged Revenue. The Bonds are structured as cash flow bonds meaning that no scheduled principal payments are due prior to the maturity date of December 1, 2057. Unpaid interest on the Bonds compounds annually on each December 1. Any amounts due and owing on the Bonds after application of all Pledged Revenue available on December 1, 2067, shall be deemed discharged and no longer outstanding.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the Authority, on December 1, 2023, 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>
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00
December 1, 2026, and thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable solely from Pledged Revenue which is comprised of: (a) all Pledged ARI Mill Levy Revenues and (b) any other legally available moneys which the Authority determines, in its absolute discretion, to credit to the Bond Fund. Pledged ARI Mill Levy Revenues consist of all ARI Mill Levy Revenues, commencing with the ARI Mill Levy Revenues collected in each Fiscal Year Ending December 31, less the applicable Permitted Annual Operations Amount. ARI Mill Levy Revenues means all revenues resulting from imposition of the ARI Mill Levy required to be imposed by each Member District's Service Plan and payable to the Authority in accordance with the Establishment Agreement. ARI Mill Levy Revenues do not include Specific Ownership Taxes received by each Member District as a result of the imposition of the ARI Mill Levy.

ARI Mill Levy

Pursuant to the Service Plan of each Member District and the Establishment Agreement, each Member District is obligated to impose an ARI Mill Levy which is limited in amount to, generally: (a) one (1) mill for collection beginning for each Member District in the first year of collection of a debt service mill levy and continuing in each year thereafter through the twentieth (20th) year; (b) five (5) mills from the twenty-first (21st) year through the fortieth (40th) year or the date of repayment of the Member District's Local Improvement Debt, whichever first occurs; and (c) a mill levy (the "Third Level ARI Mill Levy") for an additional ten (10) years which is equal to the average debt service mill levy imposed by the applicable Member District in the 10 years prior to the imposition of the Third Level ARI Mill Levy.

**SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

ARI Mill Levy (continued)

The ARI Mill Levy is required to first be imposed in the year in which the applicable Member District first imposed a debt service mill levy for the payment of Local Improvement Debt. Accordingly, the beginning and ending dates of the imposition of the ARI Mill Levy vary among the Member Districts, depending upon when each Member District imposed (or will impose) a debt service mill levy, and certain Member Districts may never impose the ARI Mill Levy. The Member Districts' Service Plans permit the ARI Mill Levy limits to be adjusted to reflect changes in law occurring on or after January 1, 2004, in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement.

Term of ARI Mill Levy Imposition

The maximum amount of time for imposition of the ARI Mill Levy by each Member District is 50 years; however, such period could be shorter. The ARI Mill levy is fixed for the first 20 years at one mill (subject to adjustment) and once a Member District imposes a debt service mill levy, that Member District is required to impose the ARI Mill Levy for this minimum 20 year period. In years 21 through 40, the ARI Mill Levy is fixed at five mills (subject to adjustment); however, the ARI Mill Levy for any particular Member District will terminate during years 21 through 40 at such time as the Member District's Local Improvement Debt has been repaid. If the Member District's Local Improvement Debt is repaid at any time during years 21 through 40, the ARI Mill Levy will convert to the Third Level ARI Mill Levy for an additional ten years. If the Member District's Local Improvement Debt is not repaid during years 21 through 40, the ARI Mill Levy will convert to the Third Level ARI Mill Levy for years 41 through 50. If any Member District's Local Improvement Debt is repaid prior to year 20, or at any time during years 21 through 40, the total length of time of imposition of the ARI Mill Levy for that Member District would be less than 50 years.

Permitted Annual Operations Amount

The Authority's Permitted Annual Operations Amount means an amount equal to: (a) for the Fiscal Year ending December 31, 2019, \$75,000; and (b) for each Fiscal Year thereafter, the dollar amount for the prior year plus 1.00%. Annual Authority operating costs include legal, accounting and audit, directors' fees, management, insurance, dues and memberships, and other costs. If operating costs increase by more than 1.00% annually, Member Districts may be required to contribute funding to pay such excess costs. The Permitted Annual Operations Amount shall be retained by the Authority from the first ARI Mill Levy Revenues received in each Fiscal Year.

The Authority has no operating or capital leases.

**SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

In 1992, the voters of Colorado approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights or “TABOR”). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR applies to the State and most local governments, but does not apply to “enterprises,” defined as government owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined. TABOR also does not apply to local governments or other entities which are not within the definition of a “district” in TABOR.

Pursuant to existing case law, it has determined that entities such as the Authority are not “districts” within the meaning of TABOR and therefore TABOR is inapplicable to the Authority. Therefore the Authority does not provide for or maintain an Emergency Reserve. Voter approval of the Bonds therefore is not required by TABOR. Each Member District is a “district” under TABOR. At the Member District Elections, each Member District’s approved election questions authorize such Member District to retain excess revenues which may otherwise be required by TABOR to be refunded to taxpayers. In addition, as required by TABOR, each Member District’s obligations under the Establishment Agreement were approved by the voters of the applicable Member District at the applicable Member District Election.

TABOR is complex and subject to interpretation. Many of the provisions will require judicial interpretation. TABOR also could have an impact on the amount of Intergovernmental Revenue’s the Member Districts transfer to the Authority.

This information is an integral part of the accompanying budget.