

LEGATO COMMUNITY AUTHORITY
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

**LEGATO COMMUNITY 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	\$ 31,602,693	\$ 10,436,829	\$ 4,155,802
REVENUES			
Intergovernmental revenues - MD No. 1	66	56	55
Intergovernmental revenues - MD No. 2	292	382	377
Intergovernmental revenues - MD No. 3	116	243	240
Intergovernmental revenues - MD No. 4	989	1,128	4,548
Intergovernmental revenues - MD No. 5	18	17	36
Intergovernmental revenues - MD No. 6	24	24	68
Intergovernmental revenues - MD No. 7	156	1,691	157
Operations and maintenance fee	-	-	24,700
Interest income	156,733	424,000	151,373
Developer advance	260,570	2,190,259	480,809
Other revenue	3,642	-	14,900
Transfer fees	-	-	19,800
Total revenues	<u>422,606</u>	<u>2,617,800</u>	<u>697,063</u>
TRANSFERS IN	<u>7,000</u>	<u>-</u>	<u>210,000</u>
Total funds available	<u>32,032,299</u>	<u>13,054,629</u>	<u>5,062,865</u>
EXPENDITURES			
General Fund	185,969	180,877	210,000
Debt Service Fund	617,950	617,950	619,000
Capital Projects Fund	20,784,551	8,100,000	1,080,000
Operations Fee Fund	-	-	254,500
Total expenditures	<u>21,588,470</u>	<u>8,898,827</u>	<u>2,163,500</u>
TRANSFERS OUT	<u>7,000</u>	<u>-</u>	<u>210,000</u>
Total expenditures and transfers out requiring appropriation	<u>21,595,470</u>	<u>8,898,827</u>	<u>2,373,500</u>
ENDING FUND BALANCES	<u>\$ 10,436,829</u>	<u>\$ 4,155,802</u>	<u>\$ 2,689,365</u>
EMERGENCY RESERVE	\$ 200	\$ 100	\$ 600
SURPLUS FUND	2,700,602	2,774,991	2,688,768
CAPITALIZED INTEREST	938,446	392,084	-
TOTAL RESERVE	<u>\$ 3,639,248</u>	<u>\$ 3,167,175</u>	<u>\$ 2,689,368</u>

No assurance provided. See summary of significant assumptions.

**LEGATO COMMUNITY 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	\$ (9,580)	\$ 14,154	\$ 100
REVENUES			
Intergovernmental revenues - MD No. 1	11	9	9
Intergovernmental revenues - MD No. 2	48	63	61
Intergovernmental revenues - MD No. 3	18	40	40
Intergovernmental revenues - MD No. 4	989	1,128	4,548
Intergovernmental revenues - MD No. 5	18	17	36
Intergovernmental revenues - MD No. 6	24	24	68
Intergovernmental revenues - MD No. 7	26	283	26
Developer advance	211,927	165,259	400,809
Other revenue	3,642	-	14,900
Total revenues	216,703	166,823	420,497
Total funds available	207,123	180,977	420,597
EXPENDITURES			
General and administrative			
Accounting	62,409	71,000	78,100
Auditing	5,500	5,700	6,500
Dues and membership	2,009	2,185	2,500
Insurance	30,831	35,492	36,000
Legal	82,915	60,000	66,000
Miscellaneous	600	3,000	5,000
Election	1,705	2,500	-
Contingency	-	-	14,900
Website	-	1,000	1,000
Total expenditures	185,969	180,877	210,000
TRANSFERS OUT			
Transfers to other funds	7,000	-	210,000
Total expenditures and transfers out requiring appropriation	192,969	180,877	420,000
ENDING FUND BALANCES	\$ 14,154	\$ 100	\$ 597
EMERGENCY RESERVE	\$ 200	\$ 100	\$ 600
TOTAL RESERVE	\$ 200	\$ 100	\$ 600

No assurance provided. See summary of significant assumptions.

**LEGATO COMMUNITY AUTHORITY
OPERATIONS FEE 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	\$ -	\$ -	\$ -
REVENUES			
Operations and maintenance fee	-	-	24,700
Transfer fees	-	-	19,800
Total revenues	<u>-</u>	<u>-</u>	<u>44,500</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>210,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>254,500</u>
EXPENDITURES			
General and administrative			
Insurance	-	-	10,000
District management	-	-	116,018
Legal	-	-	5,000
Contingency	-	-	16,977
Operations and maintenance			
Landscaping	-	-	85,000
Snow removal	-	-	2,000
Utilities	-	-	3,000
Irrigation water	-	-	16,505
Total expenditures	<u>-</u>	<u>-</u>	<u>254,500</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>254,500</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LEGATO COMMUNITY 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	\$ 4,215,250	\$ 3,639,048	\$ 3,167,075
REVENUES			
Intergovernmental revenues - MD No. 1	55	47	46
Intergovernmental revenues - MD No. 2	244	319	316
Intergovernmental revenues - MD No. 3	98	203	200
Intergovernmental revenues - MD No. 7	130	1,408	131
Interest income	34,221	144,000	140,000
Total revenues	34,748	145,977	140,693
TRANSFERS IN			
Transfers from other funds	7,000	-	-
Total funds available	4,256,998	3,785,025	3,307,768
EXPENDITURES			
General and administrative			
Paying agent fees	7,000	7,000	7,000
Contingency	-	-	1,050
Debt Service			
Bond interest	610,950	610,950	610,950
Total expenditures	617,950	617,950	619,000
Total expenditures and transfers out requiring appropriation	617,950	617,950	619,000
ENDING FUND BALANCES	\$ 3,639,048	\$ 3,167,075	\$ 2,688,768
SURPLUS FUND	\$ 2,700,602	\$ 2,774,991	\$ 2,688,768
CAPITALIZED INTEREST	938,446	392,084	-
TOTAL RESERVE	\$ 3,639,048	\$ 3,167,075	\$ 2,688,768

**LEGATO COMMUNITY 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	\$ 27,397,023	\$ 6,783,627	\$ 988,627
REVENUES			
Interest income	122,512	280,000	11,373
Developer advance	48,643	2,025,000	80,000
Total revenues	<u>171,155</u>	<u>2,305,000</u>	<u>91,373</u>
Total funds available	<u>27,568,178</u>	<u>9,088,627</u>	<u>1,080,000</u>
EXPENDITURES			
General and Administrative			
Legal	48,047	31,000	30,000
Capital Projects			
Engineering	600,840	270,000	50,000
Water - non utilities	715,894	1,135,347	-
Capital outlay	19,419,770	6,663,653	1,000,000
Total expenditures	<u>20,784,551</u>	<u>8,100,000</u>	<u>1,080,000</u>
Total expenditures and transfers out requiring appropriation	<u>20,784,551</u>	<u>8,100,000</u>	<u>1,080,000</u>
ENDING FUND BALANCES	<u>\$ 6,783,627</u>	<u>\$ 988,627</u>	<u>\$ -</u>

**LEGATO COMMUNITY AUTHORITY
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Authority, a quasi-municipal corporation and a political subdivision of the State of Colorado, was formed pursuant to Sections 29-1-203 and 203.5 C.R.S., and the Legato Community Authority Establishment Agreement (the Establishment Agreement) dated February 24, 2021, entered into and among the Legato Metropolitan District No. 1., Legato Metropolitan District No. 2, Legato Metropolitan District No. 3, Legato Metropolitan District No. 4, Legato Metropolitan District No. 5, Legato Metropolitan District No. 6, and Legato Metropolitan District No. 7 (collectively, the Districts).

The Authority was established for the purposes of incurring financial obligations on behalf of the Districts and providing the authorized public improvements and services. The Districts were established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

Under the Establishment Agreement, each District shall transfer certain revenues received by it to fund the cost of the administrative services and to fund obligations issued by the Authority.

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

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

Operating Agreement

The Authority has entered into an Operating Agreement with the Districts. Pursuant to the Operating Agreement, the Districts have covenanted to impose an ad valorem mill levy upon all taxable property of the District.

Capital Pledge Agreement

The Districts have entered into a Capital Pledge Agreement (the "Pledge Agreement") with the Authority. Pursuant to the Pledge Agreement, the Districts have covenanted to impose an ad valorem mill levy upon all taxable property of the District of 55.277mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement after January 1, 2021) or such lesser amount as may be needed to pay the Authority's Bonds and any Additional Obligations as they come due.

Intergovernmental Revenues

Pursuant to the Establishment Agreement, the Districts have agreed that the Authority will provide the Services and incur the financial obligations on behalf of the Districts, and that the Districts will pay all costs related thereto through the imposition of ad valorem property taxes and transferring the net tax revenues to the Authority

**LEGATO COMMUNITY AUTHORITY
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Operations Fee

The Authority imposes an operations fee to offset the operations and maintenance expenditures of the Authority. The annual amount per residential unit is \$550 and will be billed yearly as determined by the Authority.

Developer Advance

The Authority is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the Authority is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the Authority's administrative viability such as legal, management, accounting, insurance and meeting expense. Estimated expenditures related to street repairs and maintenance, street lights, street sweeping, landscaping, mowing, parks and open space maintenance, utilities and snow removal were also included in the budget.

Capital Outlay

The Authority anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

Debt

On June 15, 2021 the Authority issued Limited Tax Supported Revenue Bonds (Series 2021A-1) in the par amount of \$12,645,000, Limited Tax Supported Convertible Capital Appreciation Revenue Bonds in the par amount of \$15,527,806 (Series 2021A-2) and Subordinate Limited Tax Supported Revenue Bonds (Series 2021B) in the amount of \$5,269,000, together the Bonds. The proceeds of the 2021A Senior Bonds will be used to: (i) finance public improvements related to the Development; (ii) fund capitalized interest on the 2021A-1 Senior Bonds; (iii) fund a portion of the Initial Deposit to the Surplus Fund; and (iv) pay a portion of the costs of issuance of the Bonds. The proceeds of the 2021B Subordinate Bonds will be used to finance additional public improvements related to the Development.

The 2021A-1 bonds will bear interest at the rate of 4.000% per annum for the first term and 5.000% for the remaining term. The 2021A-2 bonds accrete at 5.000% until 2036. The 2021B bonds will bear interest at 8.25% and are structured as "cash flow" bonds of the Authority, meaning that no regularly scheduled payments of principal are due on the Bonds prior to their maturity date. Instead, principal is payable on each December 1 from the available Pledged Revenue, if any, pursuant to a mandatory redemption.

**LEGATO COMMUNITY AUTHORITY
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

Interest on the 2021A-1 and 2021A-2 Bonds is payable on each December 1 and June 1, commencing December 1, 2021 and principal payments are due on December 1.

In the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2061, the Bonds shall be deemed to be paid in full on the Termination Date of December 2, 2061, and the Indenture securing the payment thereof will be deemed fully satisfied.

The outstanding long term obligations of the Authority are summarized in the table below:

	Balance at December 31, 2022	Additions*	Reductions*	Balance at December 31, 2023*
Limited Tax Supported Revenue Bonds:				
Series 2021A-1	\$ 12,645,000	\$ -	\$ -	\$ 12,645,000
Limited Tax Supported Convertible Capital Appreciaton Bonds:				
Series 2021A-2	16,689,748	489,965	-	17,179,713
Limited Tax Supported Revenue Bonds:				
Series 2021B(3)	5,269,000	-	-	5,269,000
Developer Advances:				
Principal - O&M	297,253	165,259	-	462,512
Principal - Capital	48,643	2,025,000	-	2,073,643
Accrued Interest on:				
Developer Advances - O&M	14,695	30,391	-	45,086
Developer Advances - Capiatal	1,972	84,891	-	86,863
Total	<u>\$ 34,901,001</u>	<u>\$ 2,795,506</u>	<u>\$ -</u>	<u>\$ 37,761,817</u>
	Balance at December 31, 2023*	Additions*	Reductions*	Balance at December 31, 2024*
Limited Tax Supported Revenue Bonds:				
Series 2021A-1	\$ 12,645,000	\$ -	\$ -	\$ 12,645,000
Limited Tax Supported Convertible Capital Appreciaton Bonds:				
Series 2021A-2	17,179,713	530,387	-	17,710,100
Limited Tax Supported Revenue Bonds:				
Series 2021B(3)	5,269,000	-	-	5,269,000
Developer Advances:				
Principal - O&M	462,512	400,809	-	863,321
Principal - Capital	2,073,643	80,000	-	2,153,643
Accrued Interest on:				
Developer Advances - O&M	45,086	53,033	-	98,119
Developer Advances - Capital	86,863	169,091	-	255,955
Total	<u>\$ 35,556,225</u>	<u>\$ 1,233,321</u>	<u>\$ -</u>	<u>\$ 38,995,138</u>

**LEGATO COMMUNITY AUTHORITY
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

The Authority has no operating or capital leases.

Reserves

Emergency Reserve

TABOR required local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. The Authority has provided for an emergency reserve equal to at least 3% of fiscal year spending for 2024, as defined under TABOR.

This information is an integral part of the accompanying budget.