



HERITAGE SHORES SPECIAL DEVELOPMENT DISTRICT

SPECIAL TAX REPORT
AND ROLL
FISCAL YEAR 2024-2025

MUNICAP, INC.
PUBLIC FINANCE



REPORT SUMMARY

- Special taxes of \$1,219,714 will be billed to taxable property within the District for Fiscal Year 2024-2025
- Funds will be used to fund the Special Tax Requirement for the Series 2020 Bonds only
- Report explains the methodology used to calculate the levy of special taxes
- Describes the proportionate rate application now that authorized bond limits have been met
- Includes an explanation of the projected expenses of the District and the source of funds available to pay the expenses

FUND BALANCES: TABLE A

| Fund | Balance 04/30/23 | Investment Income | Additional Proceeds | Disbursements | Balance 04/30/24 |
|------------------------------------|-----------------------------|------------------------------|--------------------------------|----------------------|-----------------------------|
| Reserve Fund | \$1,183,649 | \$62,738 | \$0 | \$44,077 | \$1,202,311 |
| Administrative Expense Fund | \$2,831 | \$803 | \$119,400 | \$99,254 | \$23,780 |
| Revenue Fund | \$1,165,099 | \$47,770 | \$2,015,575 | \$1,096,314 | \$2,132,131 |
| Prepayment Fund | \$39,393 | \$11,295 | \$1,976,950 | \$2,000,152 | \$27,486 |
| Interest Fund | \$187,023 | \$1,464 | \$428,914 | \$617,400 | \$1 |
| Sinking Fund | \$96 | \$470 | \$985,822 | \$986,000 | \$388 |
| Rebate Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$2,578,091 | \$124,541 | \$5,526,661 | \$4,843,196 | \$3,386,097 |

SPECIAL TAX REQUIREMENT SUMMARY: TABLE C

| | |
|---|--------------------|
| Expenses: | |
| Debt service: | |
| Interest payment due on January 1, 2025 | \$190,660 |
| Interest payment due on July 1, 2025 | \$190,660 |
| Principal payment due on July 1, 2025 | \$606,000 |
| <i>Sub-total debt service</i> | <i>\$987,320</i> |
| Administrative expenses for Fiscal Year 2024-2025 | \$78,000 |
| Contingency | \$1,118,586 |
| Total expenses | \$2,183,906 |
| Available Funds: | |
| Fiscal Year 2024-2025 Passwaters Payment ¹ | (\$198,500) |
| Estimated Reserve Fund investment income through July 1, 2025 | \$0 |
| Surplus from prior year | (\$765,692) |
| Total available funds | (\$964,192) |
| Special Tax Requirement | \$1,219,714 |

DEBT SERVICE

- Series 2020 Bonds issued on November 23, 2020
 - Amount: \$12,295,000
- Series 2020 Bonds redeemed through April 1, 2024
 - Amount: \$2,195,000
- Scheduled principal payment due on July 1, 2024
 - Amount: \$567,000
- Outstanding principal balance for Fiscal Year 2024-2025
 - Amount: \$9,533,000
- Fiscal Year 2024-2025 debt service on Series 2020 Bonds
 - Interest payments: \$190,660 due on January 1, 2025 and July 1, 2025
 - Principal payment: \$606,000 due on July 1, 2025

| Date | Event | Amount |
|----------------------------------|--------------------------------------|--------------------|
| November 23, 2020 | Series 2020 Bonds issued | \$12,295,000 |
| April 1, 2024 | Series 2020 Bonds redeemed | \$2,195,000 |
| July 1, 2024 | Scheduled principal payment | \$567,000 |
| Fiscal Year 2024-2025 | Outstanding principal balance | \$9,533,000 |
| January 1, 2025 and July 1, 2025 | Interest payments | \$190,660 |
| July 1, 2025 | Principal payment | \$606,000 |
| Fiscal Year 2024-2025 | Total debt service | \$987,320 |



ADMINISTRATIVE EXPENSES

- Annual fees of the Trustee
 - Estimated to be \$10,000
- Annual charges of the Administrator
 - Estimated to be \$65,000
- Legal expenses associated with the District
- Estimated expenses of the Town related to billing and collection of special taxes
 - Estimated to be \$3,000
- Total estimated administrative expenses
 - \$78,000 for Fiscal Year 2024-2025

| Expense | Estimated Cost |
|------------------------------|-----------------|
| Trustee Annual Fees | \$10,000 |
| Administrator Annual Charges | \$65,000 |
| Town Expenses | \$3,000 |
| Total | \$78,000 |



CONTINGENCY & FUTURE CONSIDERATIONS

- Contingency equal to 105% of annual expenses added to Special Tax Requirement
 - Represents difference between expenses and assigned special taxes for 2024-2025 Taxable Year
- May offset special tax delinquencies, unanticipated expenses, and future year expenses
- Unspent contingency may reduce future special taxes or redeem Bonds
- With the issuance of the Series 2024 Bonds on May 2, 2024, the authorized maximum amount of Bonds for the District has been met
 - Pursuant to the RMA, this event is considered Completion of Construction and thus amends the approach to levy
 - Special Tax shall now be collected **up to** the amount **needed** to fund the Special Tax Requirement
 - It is anticipated that during ensuing Fiscal Years, the amount of prior year surplus and accumulated contingency will be applied in a manner to proportionately reduce the required assigned special tax



PASSWATERS PAYMENT

- Passwaters Farms, LLC and the Town of Bridgeville Agreement
 - Partial payment of the annual special tax on behalf of certain homeowners within the District
 - Payment made on April 1st of each year
 - Passwaters provides a list of applicable homeowners
 - Town sends annual real property tax bill after receiving payment
- Passwaters Payment for Fiscal Year 2024-2025
 - Amount: \$198,500
 - Partial payment for 160 parcels within the District
 - Parcels subject to payment shown in Exhibit A
 - Annual credit to be netted from the Total in Table K

RESERVE REQUIREMENT

- Initial Reserve Requirement for Series 2020 Bonds: \$1,229,500
 - Calculated as the least of:
 - 10% of principal amount upon initial issuance
 - 125% of average Annual Debt Service
 - Maximum Annual Debt Service
- Reserve Requirement reduced for reserve fund credits from special tax prepayments
 - Current Reserve Requirement: \$1,115,476
- Excess amount transferred to Redemption Account for redemption of outstanding Series 2020 Bonds

| Reserve Requirement | Amount |
|---------------------|-------------|
| Initial | \$1,229,500 |
| Current | \$1,115,476 |

SURPLUS FROM PRIOR YEAR SUMMARY: TABLE D

| | |
|---|----------------------|
| Expenses: | |
| Debt service: | |
| Interest payment due on July 1, 2024 | \$202,000 |
| Principal payment due on July 1, 2024 | \$567,000 |
| <i>Sub-total debt service</i> | <i>\$769,000</i> |
| Estimated remaining Fiscal Year 2023-2024 administrative expenses | \$23,000 |
| Total remaining expenses | \$792,000 |
| Available Funds: | |
| Available balance of the Revenue Fund as of April 30, 2024 ¹ | (\$1,447,077) |
| Available balance of the Reserve Fund as of April 30, 2024 | (\$86,835) |
| Available balance of the Administrative Expense Fund as of April 30, 2024 | (\$23,780) |
| Total available funds | (\$1,557,692) |
| Surplus from prior year | (\$765,692) |

SUMMARY OF THE SPECIAL TAX REQUIREMENT

- Total District expenses to be paid from the special taxes collected in 2024 are estimated to be \$2,183,906
 - Funds available to pay a portion of these expenses are estimated to be \$964,192
- Resulting in a Special Tax Requirement of \$1,219,714 for Fiscal Year 2024-2025

| Expenses | Funds Available | Special Tax Requirement |
|-------------|-----------------|-------------------------|
| \$2,183,906 | \$964,192 | \$1,219,714 |



ASSIGNMENT TO LAND USE CATEGORIES

- Each parcel is classified as public, owner association, or taxable property
 - Taxable property is further classified as developed or undeveloped
 - Developed property is classified as single-family detached or attached
 - Undeveloped property is classified as platted or unplatted
- Classification is made on the status of each parcel as of the date of classification
- The date of classification for Fiscal Year 2024-2025 is May 8, 2024

| Property Type | Number of Units |
|------------------------|-----------------|
| Single-family detached | 628 |
| Single-family attached | 233 |
| Fully prepaid | 184 |

AGGREGATE DEVELOPED PROPERTY: TABLE K

| | Total Units | Less: Prepaid Units | Taxable Units | Adjusted Special Tax Rates | Proportionate Special Tax to be Billed |
|---|--------------|---------------------|---------------|----------------------------|--|
| Single-Family Detached: | | | | | |
| Partial Prepayment Rate - 30.63% | 11 | 5 | 6 | \$1,812 | \$10,874 |
| Partial Prepayment Rate - 58.6% | 162 | 51 | 111 | \$1,082 | \$120,059 |
| Partial Prepayment Rate - 58.78% | 184 | 49 | 135 | \$1,077 | \$145,383 |
| Partial Prepayment Rate - 14.10% | 4 | 3 | 1 | \$2,244 | \$2,244 |
| Partial Prepayment Rate - 51.81% | 3 | 1 | 2 | \$1,082 | \$2,163 |
| Reduced Rate | 430 | 56 | 373 | \$2,244 | \$837,120 |
| <i>Sub-total single-family detached</i> | <i>794</i> | <i>165</i> | <i>628</i> | <i>\$9,541</i> | <i>\$1,117,844</i> |
| Single-Family Attached: | | | | | |
| Partial Prepayment Rate - 30.63% | 1 | 1 | 0 | \$1,237 | \$0 |
| Partial Prepayment Rate - 58.6% | 1 | 1 | 0 | \$738 | \$0 |
| Partial Prepayment Rate - 58.78% | 88 | 17 | 71 | \$735 | \$52,193 |
| Reduced Rate | 162 | 0 | 162 | \$1,532 | \$248,178 |
| <i>Sub-total single-family attached</i> | <i>252</i> | <i>19</i> | <i>233</i> | <i>\$4,243</i> | <i>\$300,371</i> |
| Total ⁽¹⁾ | 1,046 | 184 | 861 | | \$1,418,214 |

⁽¹⁾ After applying Passwaters credit of \$198,500 – Total to be billed is \$1,219,714