

HYLAND VILLAGE METROPOLITAN DISTRICT

2019 Budget Message

Introduction

Hyland Village Metropolitan District, the (“District”) was organized in February 2007 for the purpose of providing design, financing, acquisition, and construction, of certain infrastructure including park and recreation, water, sanitary sewer, street, safety protection, fire protection, and mosquito control facilities and services described in the District’s Service Plan. When appropriate, these improvements will be dedicated to the City of Westminster, Jefferson County or such other entities as appropriate for the use and benefit of the District taxpayers and service users.

The 2019 budget was prepared in accordance with Colorado Budget Law. The budget reflects the projected spending plan for the 2019 fiscal year based on available revenues. This budget provides for the general operations of the District, as well as debt service.

The Board of Directors authorized adjustment of the District mill levy in accordance with the Colorado Constitution, Article X, Section 3 (the “Gallagher Adjustment”). The Gallagher Adjustment and the District’s Service Plan authorize an adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2004, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The adjustment to the Maximum Debt Mill Levy is determined by the Board so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The Colorado General Assembly passed House Bill 17-1349 setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property taxes commencing on and after January 1, 2017, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property. The Gallagher Adjustment for the District allows for a total mill levy imposition, as noted in the following paragraph, so the District’s revenue is neither diminished nor enhanced.

The District’s net assessed value increased from \$3,769,203 to \$4,841,377. The District’s mill levy has been set at 27.638 mills for taxes collected in the 2019 fiscal year. 22.110 mills have been dedicated to Debt Service Fund and the remainder to the General Fund.

Budgetary Basis of Accounting

The District uses funds to budget and report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the District’s funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to

be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

General Fund is used to account for resources traditionally associated with government such as property taxes, and specific ownership taxes. Expenditures include district administration, legal services, and other expenses related to statutory operations of a local government. The District began charging an Administrative Fee in 2012 to the landholders within the District. The purpose of the fee is to provide funds to enable the District to function and fulfill all statutory requirements.

Debt Service Fund is used to account for the issuance of District debt. In 2010 the District was notified that it was in default under the 2008 bond covenants, the letter of credit provider purchased the bonds outstanding under the letter of credit agreement and the District's swap agreement was terminated. The Bonds now carry an interest rate of prime rate plus 300 basis points not to exceed 10%. The letter of credit provider sold the bonds in 2014 to investors. During 2014 some of the landowners in the District sold their interests to other owners and development has begun on single family housing. The Debt Service Budget reflects the amount of interest the District is able to pay in 2019 based on 22.110 mills and collection of Development Fees. The District currently has \$4,770,000 in principal remaining in the 2008 Limited Tax General Obligation Variable Rate Bonds. Due to the uncertainty of future principal and interest payments no schedule is presented.

Emergency Reserve

As required by Section 20 of Article X of the Colorado Constitution ("TABOR"), the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenue in the General Fund.

HYLAND VILLAGE METROPOLITAN DISTRICT
Assessed Value, Property Tax and Mill Levy Information

	2017		2018		2019
	Adopted Budget		Adopted Budget		Adopted Budget
Assessed Valuation	\$ 3,228,880	\$	4,954,912	\$	6,750,135
TIF Increment	709,212		1,185,709		1,908,758
Net Assessed Valuation	2,519,668		3,769,203		4,841,377
Mill Levy					
General Fund	5.000		5.528		5.528
Debt Service Fund	20.000		22.110		22.110
Temporary Mill Levy Reduction	-		-		-
Refunds and Abatements	-		-		-
Total Mill Levy	<u>25.000</u>		<u>27.638</u>		<u>27.638</u>
Property Taxes					
General Fund	\$ 12,598	\$	20,836	\$	26,763
Debt Service Fund	50,393		83,337		107,043
Temporary Mill Levy Reduction	-		-		-
Refunds and Abatements	-		-		-
Actual/Budgeted Property Taxes	<u>\$ 62,991</u>	\$	<u>104,173</u>	\$	<u>133,806</u>

HYLAND VILLAGE METROPOLITAN DISTRICT

**GENERAL FUND
2019 Adopted Budget
with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated**

	2017 YTD Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
BEGINNING FUND BALANCE	\$ (2,814)	\$ -	\$ (4,643)	\$ -
REVENUE				
Property Tax Revenue	12,581	20,836	20,781	26,763
Specific Ownership Taxes	1,577	2,084	1,500	2,676
Administrative Fee	12,082	6,500	10,151	-
Interest Income	57	50	50	50
Total Revenue	26,298	29,470	32,482	29,489
Total Funds Available	23,484	29,470	27,839	29,489
EXPENDITURES				
Audit	27	350	350	350
Election	-	500	50	-
Insurance/SDA Dues	3,204	3,200	2,996	3,200
Legal	10,906	5,000	10,324	5,000
Statutory Compliance	-	-	-	-
Management	7,770	4,000	7,000	4,000
Accounting	5,543	5,600	5,600	5,600
Miscellaneous	488	500	500	500
Treasurer's Fees	189	313	313	401
Contingency	-	1,382	-	2,000
Emergency Reserve	-	884	706	885
Total Expenditures	28,127	21,729	27,839	21,936
Total Expenditures Requiring Appropriation	28,127	21,729	27,839	21,936
ENDING FUND BALANCE	\$ (4,643)	\$ 7,741	\$ -	\$ 7,553

HYLAND VILLAGE METROPOLITAN DISTRICT

DEBT SERVICE FUND

2019 Adopted Budget

with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated

	2017 Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
BEGINNING FUND BALANCE	\$ 190,504	\$ 184,831	\$ 73,778	\$ 45,890
REVENUE				
Property Tax Revenue	50,325	83,337	83,118	107,043
Specific Ownership Taxes	6,309	8,335	5,800	8,335
WEDA Reimbursement	17,933	32,771	11,093	52,754
Development Fees	81,000	60,000	318,000	60,000
Total Revenue	155,567	184,443	418,011	228,132
Total Funds Available	346,072	369,274	491,789	274,022
EXPENDITURES				
Bond Interest	271,000	362,540	441,165	268,334
Fee Collection Expense	-	2,000	-	-
Paying Agent/Trustee Fees	-	2,500	2,500	2,500
Treasurer's Fees	756	1,250	1,250	1,606
Westmin WEDA Fee	538	984	984	1,583
Total Expenditures	272,294	369,274	445,899	274,022
Total Expenditures Requiring Appropriation	272,294	369,274	445,899	274,022
ENDING FUND BALANCE	\$ 73,778	\$ -	\$ 45,890	\$ -