



BARNES GRIGGS
= & ASSOCIATES, PC =

Certified Public Accountants and Business Consultants

Accountant's Compilation Report

Board of Directors
Hyland Village Metropolitan District
Westminster, Colorado

Management is responsible for the accompanying budget of revenues, expenditures and fund balances of Hyland Village Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, the actual comparative information for the year ending December 31, 2016, and the adopted budget for the year ending December 31, 2017 in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the Budget Message included in the budget submission to the State of Colorado which describes that the budgetary basis of accounting is the modified accrual basis in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Hyland Village Metropolitan District.

Barnes Griggs & Associates, PC

Lakewood, Colorado
January 15, 2018

Barnes Griggs & Associates, PC

HYLAND VILLAGE METROPOLITAN DISTRICT

2018 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 2018 budget was prepared in accordance with Colorado Budget Law. The budget reflects the projected spending plan for the 2018 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 \$2,519,668 in 2016 to \$3,769,203 in 2017. The District’s mill levy has been set at 27.638 mills for taxes collected in the 2018 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 2018 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

	2016		2017		2018
	Adopted Budget		Adopted Budget		Adopted Budget
Assessed Valuation	\$ 2,713,552	\$	3,228,880	\$	4,954,912
TIF Increment	576,899		709,212		1,185,709
Net Assessed Valuation	2,136,653		2,519,668		3,769,203
Mill Levy					
General Fund	5.000		5.000		5.528
Debt Service Fund	20.000		20.000		22.110
Temporary Mill Levy Reduction	-		-		-
Refunds and Abatements	-		-		-
Total Mill Levy	<u>25.000</u>		<u>25.000</u>		<u>27.638</u>
Property Taxes					
General Fund	\$ 10,683	\$	12,598	\$	20,836
Debt Service Fund	42,733		50,393		83,337
Temporary Mill Levy Reduction	-		-		-
Refunds and Abatements	-		-		-
Actual/Budgeted Property Taxes	<u>\$ 53,416</u>	<u>\$</u>	<u>62,991</u>	<u>\$</u>	<u>104,173</u>

HYLAND VILLAGE METROPOLITAN DISTRICT

GENERAL FUND

2018 Adopted Budget

with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated

	2016 YTD Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ 179	\$ 175	\$ (2,814)	\$ -
REVENUE				
Property Tax Revenue	10,669	12,598	12,598	20,836
Specific Ownership Taxes	1,088	1,239	1,500	2,084
Administrative Fee	8,696	6,500	9,400	6,500
Interest Income	31	-	50	50
Total Revenue	20,485	20,337	23,548	29,470
Total Funds Available	20,663	20,512	20,734	29,470
EXPENDITURES				
Audit	409	350	350	350
Election	84	-	-	500
Insurance/SDA Dues	2,744	2,881	3,204	3,200
Legal	7,053	5,000	5,000	5,000
Statutory Compliance	502	-	-	-
Management	5,549	4,000	4,000	4,000
Accounting	6,172	5,600	5,600	5,600
Miscellaneous	805	500	500	500
Treasurer's Fees	160	189	189	313
Contingency	-	1,382	1,185	1,382
Emergency Reserve	-	610	706	884
Total Expenditures	23,477	20,512	20,734	21,729
Total Expenditures Requiring Appropriation	23,477	20,512	20,734	21,729
ENDING FUND BALANCE	\$ (2,814)	\$ -	\$ -	\$ 7,741

This financial information should be read only in connection with the accompanying accountant's compilation report and budget message.

HYLAND VILLAGE METROPOLITAN DISTRICT

DEBT SERVICE FUND

2018 Adopted Budget

with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated

	2016 Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ 22,709	\$ -	\$ 190,504	\$ 184,831
REVENUE				
Property Tax Revenue	42,677	50,393	50,393	83,337
Specific Ownership Taxes	4,353	4,950	5,800	8,335
WEDA Reimbursement	14,246	18,133	18,133	32,771
Development Fees	111,000	80,000	80,000	60,000
Total Revenue	172,276	153,476	154,326	184,443
Total Funds Available	194,985	153,476	344,830	369,273
EXPENDITURES				
Bond Interest	-	147,677	154,201	362,540
Fee Collection Expense	1,213	2,000	2,000	2,000
Paying Agent/Trustee Fees	2,200	2,500	2,500	2,500
Treasurer's Fees	641	756	756	1,250
Westmin WEDA Fee	427	543	543	983
Total Expenditures	4,481	153,476	160,000	369,273
Total Expenditures Requiring Appropriation	4,481	153,476	160,000	369,273
ENDING FUND BALANCE	\$ 190,504	\$ -	\$ 184,831	\$ -