

HYLAND VILLAGE METROPOLITAN DISTRICT

2020 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 2020 budget was prepared in accordance with Colorado Budget Law. The budget reflects the projected spending plan for the 2020 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 \$4,841,377 to \$7,370,669. The District’s mill levy has been set at 27.977 mills for taxes collected in the 2020 fiscal year. 22.446 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 2020 based on 22.446 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

	2018		2019		2020
	Adopted Budget		Adopted Budget		Adopted Budget
Assessed Valuation	\$ 4,954,912	\$	6,750,135	\$	11,153,191
TIF Increment	1,185,709		1,908,758		3,782,522
Net Assessed Valuation	3,769,203		4,841,377		7,370,669
Mill Levy					
General Fund	5.528		5.528		5.386
Debt Service Fund	22.110		22.110		22.446
Temporary Mill Levy Reduction	-		-		-
Refunds and Abatements	-		-		0.145
Total Mill Levy	<u>27.638</u>		<u>27.638</u>		<u>27.977</u>
Property Taxes					
General Fund	\$ 20,836	\$	26,763	\$	39,698
Debt Service Fund	83,337		107,043		165,442
Temporary Mill Levy Reduction	-		-		-
Refunds and Abatements	-		-		1,069
Actual/Budgeted Property Taxes	<u>\$ 104,173</u>	<u>\$</u>	<u>133,806</u>	<u>\$</u>	<u>206,209</u>

HYLAND VILLAGE METROPOLITAN DISTRICT

GENERAL FUND

2020 Adopted Budget

with 2018 Actual, 2019 Adopted Budget, and 2019 Estimated

	2018 Actual	2019 Adopted Budget	2019 Estimated	2020 Adopted Budget
BEGINNING FUND BALANCE	\$ (4,643)	\$ -	\$ (11,802)	\$ (14,806)
REVENUE				
Property Tax Revenue	20,734	26,763	26,763	39,698
Specific Ownership Taxes	2,354	2,676	2,676	3,970
Administrative Fee	8,997	-	-	-
Interest Income	18	50	50	50
			-	
Total Revenue	32,104	29,489	29,489	43,718
Total Funds Available	27,461	29,489	17,687	28,912
EXPENDITURES				
Audit	462	350	476	500
Election	1,050	-	-	1,500
Insurance/SDA Dues	2,996	3,200	3,116	3,428
Legal	17,468	5,000	13,000	10,000
Management	7,390	4,000	7,500	5,000
Accounting	8,863	5,600	7,500	6,000
Miscellaneous	724	500	500	500
Treasurer's Fees	312	401	401	595
Contingency	-	2,000	-	77
Emergency Reserve	-	885	-	1,312
Total Expenditures	39,263	21,936	32,493	28,912
Total Expenditures Requiring Appropriation				
	39,263	21,936	32,493	28,912
ENDING FUND BALANCE	\$ (11,802)	\$ 7,553	\$ (14,806)	\$ -

HYLAND VILLAGE METROPOLITAN DISTRICT

DEBT SERVICE FUND

2020 Adopted Budget

with 2018 Actual, 2019 Adopted Budget, and 2019 Estimated

	2018 Actual	2019 Adopted Budget	2019 Estimated	2020 Adopted Budget
BEGINNING FUND BALANCE	\$ 73,778	\$ 45,890	\$ 23,050	\$ -
REVENUE				
Property Tax Revenue	82,930	107,043	107,043	165,442
Specific Ownership Taxes	9,416	8,335	8,335	9,927
WEDA Reimbursement	26,342	52,754	82,754	105,824
Development Fees	318,000	60,000	60,000	60,000
				-
Total Revenue	436,692	228,132	258,132	341,192
Total Funds Available	510,470	274,022	281,182	341,192
EXPENDITURES				
Bond Interest	481,440	268,334	275,493	331,542
Fee Collection Expense	-	-	-	-
Paying Agent/Trustee Fees	4,400	2,500	2,500	2,500
Treasurer's Fees	1,247	1,606	1,606	2,482
Westmin WEDA Fee	333	1,583	1,583	3,175
				-
Total Expenditures	487,420	274,022	281,182	339,698
				-
Total Expenditures Requiring Appropriation	487,420	274,022	281,182	339,698
ENDING FUND BALANCE	\$ 23,050	\$ -	\$ -	\$ 1,494