

HYLAND VILLAGE METROPOLITAN DISTRICT

2021 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 2021 budget was prepared in accordance with Colorado Budget Law. The budget reflects the projected spending plan for the 2021 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, and House Bill 19-255 setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.2%), for property taxes commencing on and after January 1, 2019, 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 \$7,370,669 to \$7,823,656. The District’s mill levy has been set at 27.832 mills for taxes collected in the 2021 fiscal year. 22.720 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 2021 based on 22.720 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

	2019		2020		2021
	Adopted Budget		Adopted Budget		Adopted Budget
Assessed Valuation	\$ 6,750,135	\$	11,153,191	\$	12,072,316
TIF Increment	1,908,758		3,782,522		4,248,660
Net Assessed Valuation	4,841,377		7,370,669		7,823,656
Mill Levy					
General Fund	5.528		5.386		5.112
Debt Service Fund	22.110		22.446		22.720
Temporary Mill Levy Reduction	-		-		-
Refunds and Abatements	-		0.145		-
Total Mill Levy	<u>27.638</u>		<u>27.977</u>		<u>27.832</u>
Property Taxes					
General Fund	\$ 26,763	\$	39,698	\$	39,995
Debt Service Fund	107,043		165,442		177,753
Temporary Mill Levy Reduction	-		-		-
Refunds and Abatements	-		1,069		-
Actual/Budgeted Property Taxes	<u>\$ 133,806</u>	\$	<u>206,209</u>	\$	<u>217,748</u>

HYLAND VILLAGE METROPOLITAN DISTRICT

GENERAL FUND

2021 Adopted Budget

with 2019 Actual, 2020 Adopted Budget, and 2020 Estimated

	2019 Actual	2020 Adopted Budget	2020 Estimated	2021 Adopted Budget
BEGINNING FUND BALANCE	3,630	\$ (14,806)	\$ (7,283)	\$ 8,430
REVENUE				
Property Tax Revenue	26,576	39,698	39,698	39,995
Specific Ownership Taxes	3,179	3,970	3,600	3,500
Administrative Fee	-	-	-	-
Interest Income	40	50	100	-
			-	
Total Revenue	29,795	43,718	43,398	43,495
Total Funds Available	33,425	28,912	36,115	51,925
EXPENDITURES				
Audit	490	500	350	500
Election	28	1,500	1,312	-
Insurance/SDA Dues	4,317	3,428	3,428	3,700
Legal	16,282	10,000	10,000	10,000
Management	8,585	5,000	5,500	5,000
Accounting	9,723	6,000	6,000	6,000
Miscellaneous	882	500	500	500
Treasurer's Fees	399	595	595	600
Contingency	-	77	-	10,000
Emergency Reserve	-	1,312	-	1,305
			-	
Total Expenditures	40,707	28,912	27,685	37,605
Total Expenditures Requiring Appropriation	40,707	28,912	27,685	37,605
ENDING FUND BALANCE	\$ (7,283)	\$ -	\$ 8,430	\$ 14,320

HYLAND VILLAGE METROPOLITAN DISTRICT

DEBT SERVICE FUND

2021 Adopted Budget

with 2019 Actual, 2020 Adopted Budget, and 2020 Estimated

	2019 Actual	2020 Adopted Budget	2020 Estimated	2021 Adopted Budget
BEGINNING FUND BALANCE	\$ 23,051	\$ -	\$ 8,091	\$ 5,700
REVENUE				
Property Tax Revenue	106,294	165,442	165,442	177,753
Specific Ownership Taxes	12,717	9,927	14,500	14,000
WEDA Reimbursement	-	105,824	105,824	118,249
Facility Fees	-	60,000	-	-
Interest Income	19	-	-	-
	-	-	-	-
Total Revenue	119,030	341,193	285,766	310,002
Total Funds Available	142,081	341,193	293,857	315,702
EXPENDITURES				
Bond Interest	130,194	331,542	280,000	300,000
Paying Agent/Trustee Fees	2,200	2,500	2,500	2,500
Treasurer's Fees	1,595	2,482	2,482	2,666
Westmin WEDA Fee	-	3,175	3,175	3,547
	-	-	-	-
Total Expenditures	133,989	339,698	288,156	308,714
	-	-	-	-
Total Expenditures Requiring Appropriation	133,989	339,698	288,156	308,714
ENDING FUND BALANCE	\$ 8,091	\$ 1,495	\$ 5,700	\$ 6,988