

HYLAND VILLAGE METROPOLITAN DISTRICT

2023 Budget Message

Introduction

Hyland Village Metropolitan District, (“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 2023 budget was prepared in accordance with Colorado Budget Law. The budget reflects the projected spending plan for the 2023 fiscal year based on available revenues. This budget provides for the general operations of the District, as well as debt service.

The Amended and Restated Service Plan authorizes an adjustment of the Maximum Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2007, 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 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. In 2020, the voters of Colorado passed Amendment B which repealed Article X, Section 3 of the Colorado Constitution, such that the ratio of valuation for assessment of real residential property for 2021 and thereafter is 7.15% unless further amended by the Colorado General assembly. The Amended and Restated Service Plan 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 decreased to \$7,997,603 from \$8,292,229. The District’s mill levy has been set at 28.633 mills for taxes collected in the 2023 fiscal year. 23.827 mills have been dedicated to Debt Service Fund and the remainder to the General Fund. The increase in the Debt Service mill levy was solely for the purpose of maintaining revenue neutrality as the result of Senate Bill 21-293.

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.

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 2023 based on 23.827 mills and WEDA reimbursement. 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

	2021 Adopted Budget	2022 Adopted Budget	2023 Adopted Budget
Assessed Valuation	\$ 12,072,316	\$ 12,903,135	\$ 12,455,188
TIF Increment	4,248,660	4,610,906	4,457,585
Net Assessed Valuation	7,823,656	8,292,229	7,997,603
Mill Levy			
General Fund	5.112	4.806	4.806
Debt Service Fund	22.720	23.026	23.827
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Total Mill Levy	<u>27.832</u>	<u>27.832</u>	<u>28.633</u>
Property Taxes			
General Fund	\$ 39,995	\$ 39,852	\$ 38,436
Debt Service Fund	177,753	190,937	190,559
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Actual/Budgeted Property Taxes	<u>\$ 217,748</u>	<u>\$ 230,789</u>	<u>\$ 228,995</u>

HYLAND VILLAGE METROPOLITAN DISTRICT

GENERAL FUND 2023 Adopted Budget with 2021 Actual, 2022 Adopted Budget and 2022 Estimated

	2021 Actual		2022 Adopted Budget		2022 Estimated		2023 Adopted Budget
BEGINNING FUND BALANCE	7,684	\$	24,541	\$	32,721	\$	39,360
REVENUE							
Property Tax Revenue	39,540		39,852		39,852		38,436
Specific Ownership Taxes	4,980		3,500		3,500		3,500
Interest Income	125		-		40		40
Total Revenue	44,645		43,352		43,392		41,976
Total Funds Available	52,329		67,893		76,113		81,336
EXPENDITURES							
Audit	392		500		-		-
Election	14		4,000		1,288		1,500
Insurance/SDA Dues	337		4,000		2,774		3,200
Legal	6,326		10,000		10,000		10,000
Management	4,382		5,000		5,000		5,400
Accounting	6,412		6,000		6,000		6,500
Miscellaneous	1,098		1,000		1,000		1,000
Treasurer's Fees	646		598		691		577
Contingency	-		10,000		10,000		10,000
Emergency Reserve	-		1,301		-		1,259
Total Expenditures	19,608		42,399		36,753		39,436
Total Expenditures Requiring Appropriation							
	19,608		42,399		36,753		39,436
ENDING FUND BALANCE	\$ 32,721	\$	25,494	\$	39,360	\$	41,900

HYLAND VILLAGE METROPOLITAN DISTRICT

DEBT SERVICE FUND

2023 Adopted Budget

with 2021 Actual, 2022 Adopted Budget and 2022 Estimated

	2021 Actual	2022 Adopted Budget	2022 Estimated	2023 Adopted Budget
BEGINNING FUND BALANCE	\$ 9,936	\$ 11,225	\$ 123,051	\$ 23,024
REVENUE				
Property Tax Revenue	175,733	190,937	190,937	190,559
Specific Ownership Taxes	19,890	14,000	14,000	14,000
WEDA Reimbursement	215,873	128,331	124,028	125,000
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Total Revenue	411,496	333,268	328,965	329,559
Total Funds Available	421,432	344,493	452,016	352,583
EXPENDITURES				
Bond Interest	293,597	320,000	420,000	320,000
Paying Agent/Trustee Fees	2,200	2,500	2,500	2,500
Treasurer's Fees	2,585	2,864	2,771	2,858
Westmin WEDA Fee	-	3,850	3,721	3,750
Total Expenditures	298,382	329,215	428,991	329,108
Total Expenditures Requiring Appropriation	298,382	329,215	428,991	329,108
ENDING FUND BALANCE	\$ 123,051	\$ 15,278	\$ 23,024	\$ 23,475