

HIGHLINE CROSSING METROPOLITAN DISTRICT

2022 BUDGET MESSAGE

Introduction

Highline Crossing Metropolitan District is a quasi-municipal corporation formed in 2016 governed pursuant to provisions set forth in the Colorado Special District Act. The District was organized to provide essential facilities for public use and benefit. The District consists of approximately 15.2 acres located entirely within the City of Aurora (the “City”).

The 2022 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2022 fiscal year based on available revenues. This budget provides for the annual debt service on the District’s general obligation debt as well as the general operation of the District.

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 or 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 2021 assessed value increased to \$2,809,048 from \$2,587,213 the prior year. The District’s mill levy has been kept the same at 74.778 mills for tax collection in the 2022 fiscal year -- 18.000 mills dedicated to the General Fund, 1.114 mills dedicated to contractual obligations and 55.664 mills dedicated to the Debt Service Fund.

Budgetary Basis of Accounting

The District uses funds to budget and report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions. The various funds determine the total District budget. The District’s General Fund is considered a Governmental Fund and is reported using the current financial resources and the modified accrual basis of accounting. The District’s Debt Fund and Capital Projects Fund are also reported using the current financial resources and the modified accrual basis of accounting. Revenues are recorded when earned and

expenses recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Summaries

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax and expenditures which include district administration, legal services and other expenses related to statutory operations of a local government. The General Fund’s primary sources of revenue are developer advances, transfer fees and property taxes.

The **Debt Service Fund** is used to account for property taxes and other revenues dedicated to pay the fiscal year’s debt expense which includes administrative costs associated with debt issues. The primary source of revenue is property tax. In 2017, the District entered into two general obligation bond indentures that provided funding for capital projects. Below is a summary of the District’s long-term debt obligation.

Bond Principal and Interest in the Year Ending December 31,	Highline Crossing Metropolitan District		
	Principal	Interest	Total
2022	15,000	119,097	134,097
2023-2027	105,000	581,955	686,955
2028-2032	237,000	645,107	882,107
2033-2037	343,000	416,797	759,797
2038-2042	506,000	294,334	800,334
2043-2047	695,000	129,285	824,285
	<u>\$ 1,901,000</u>	<u>\$ 2,274,025</u>	<u>\$ 4,175,025</u>

The **Capital Projects Fund** is used to account for revenues and expenditures to complete capital projects such as new improvements and upgrades to existing infrastructure.

Emergency Reserve

As required by the TABOR amendment to the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.

HIGHLINE CROSSING METROPOLITAN DISTRICT
Assessed Value, Property Tax and Mill Levy Information

	2020 Actual	2021 Adopted Budget	2022 Adopted Budget
Assessed Valuation	\$ 2,552,213	\$ 2,587,213	\$ 2,809,048
Mill Levy			
General Fund	18.000	18.000	18.000
ARI	1.114	1.114	1.114
Debt Service Fund	55.664	55.664	55.664
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Total Mill Levy	<u>74.778</u>	<u>74.778</u>	<u>74.778</u>
Property Taxes			
General Fund	\$ 45,940	\$ 46,570	\$ 50,563
ARI	2,843	2,882	3,129
Debt Service Fund	142,066	144,015	156,363
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Actual/Budgeted Property Taxes	<u>\$ 190,849</u>	<u>\$ 193,467</u>	<u>\$ 210,055</u>

HIGHLINE CROSSING METROPOLITAN DISTRICT

**GENERAL FUND
2022 Adopted Budget
with 2020 Actual, 2021 Adopted Budget, and 2021 Estimated**

	2020 Actual	2021 Adopted Budget	2021 Estimated	2022 Adopted Budget
BEGINNING FUND BALANCE	\$ 5,391	\$ 19,705	\$ 24,026	\$ 19,332
REVENUE				
Property Tax Revenue	45,940	46,570	46,570	50,563
Specific Ownership Taxes	3,915	2,750	2,750	2,750
Developer Advance	25,000	-	-	-
Interest Income	49	15	90	15
Transfer fee	1,800	200	600	200
Operations Fee	50,400	50,490	50,400	63,000
Design Review Fees	150	50	150	50
Total Revenue	127,255	100,075	100,560	116,578
Total Funds Available	132,646	119,780	124,586	135,910
EXPENDITURES				
Accounting	11,197	10,000	10,000	10,000
Audit	6,068	6,000	4,700	5,500
Insurance/SDA Dues	8,010	8,800	8,270	9,000
Legal	7,105	7,000	8,000	7,000
Election	1,046	-	-	3,000
Management	12,311	9,000	12,000	9,000
Miscellaneous	4,049	1,000	3,500	2,000
Treasurer's Fees	690	699	699	758
Covenant Control	10,800	7,200	7,200	7,200
Billing	3,658	4,000	4,000	4,000
Landscape Maintenance	17,251	16,000	16,000	28,000
Landscape Improvements	-	3,500	1,435	5,000
Irrigation Repair	5,842	5,000	5,000	5,000
Snow Removal	3,562	15,000	10,000	10,000
Detention Pond Maintenance	-	1,400	1,450	-
Operations and Maint Reserve	-	2,000	-	-
Repairs and Maintenance	2,245	2,000	1,000	2,000
Fence Repairs	-	2,000	-	2,000
Utilities	14,784	14,000	12,000	12,000
Contingency	-	-	-	5,000
Total Expenditures	108,619	114,598	105,254	126,458
Transfers and Other Uses				
Emergency Reserve	-	3,002	-	3,497
Total Transfers and Other Uses	-	3,002	-	3,497
Total Expenditures Requiring Appropriation	108,619	117,600	105,254	129,956
ENDING FUND BALANCE	\$ 24,026	\$ 2,179	\$ 19,332	\$ 5,955

HIGHLINE CROSSING METROPOLITAN DISTRICT

DEBT SERVICE FUND

2022 Adopted Budget

with 2020 Actual, 2021 Adopted Budget, and 2021 Estimated

	2020 Actual	2021 Adopted Budget	2021 Estimated	2022 Adopted Budget
BEGINNING FUND BALANCE	\$ 260,593	\$ 306,557	\$ 308,584	\$ 350,720
REVENUE				
Property Tax Revenue	142,066	144,015	144,015	156,363
Regional Improvement	2,843	2,882	2,882	3,129
Specific Ownership Tax	9,609	7,600	7,600	7,600
Interest Income/Other	1,542	1,000	400	400
Total Revenue	156,060	155,497	154,897	167,492
Total Funds Available	416,653	462,054	463,481	518,213
EXPENDITURES				
Bond Principal	10,000	15,000	15,000	15,000
Bond Interest	87,450	86,900	86,900	86,075
Paying Agent Fees	5,523	5,500	5,519	5,500
Miscellaneous Expense	120	250	250	250
Treasurer's Fees	2,133	2,203	2,203	2,392
Aurora Expense	2,800	2,839	2,839	3,082
Treasurer Fee- Reg Imp	43	-	50	50
Contingency	-	10,000	-	10,000
Total Expenditures	108,069	122,692	112,761	122,350
Total Expenditures Requiring Appropriation	108,069	122,692	112,761	122,350
ENDING FUND BALANCE	\$ 308,584	\$ 339,362	\$ 350,720	\$ 395,863

HIGHLINE CROSSING METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2022 Adopted Budget
with 2020 Actual, 2021 Adopted Budget, and 2021 Estimated

	2020 YTD Actual	2021 Adopted Budget	2021 Estimated	2022 Adopted Budget
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BEGINNING FUND BALANCE	\$ 3,854	\$ -	\$ -	\$ -
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REVENUE

Interest and Other Income	-	-	-	-
Transfer from General Fund	-	-	-	-
Bond Proceeds - Senior	-	-	-	-
Bond Proceeds - Subordinate	-	-	-	-

Total Revenue	-	-	-	-
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Total Funds Available	3,854	-	-	-
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EXPENDITURES

Bond Issuance Costs	-	-	-	-
Legal	-	-	-	-
Management	-	-	-	-
Miscellaneous	-	-	-	-
Engineering	-	-	-	-
Contingency	-	-	-	-

Total Expenditures	-	-	-	-
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Transfers and Other Uses

Transfer to Debt Service Fund	-	-	-	-
Developer reimbursement	-	-	-	-

Total Transfers and Other Uses	-	-	-	-
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Total Expenditures Requiring Appropriation	-	-	-	-
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ENDING FUND BALANCE	\$ 3,854	\$ -	\$ -	\$ -
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