

HIGHLINE CROSSING METROPOLITAN DISTRICT

2019 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 2019 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2019 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, 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 current District’s assessed value increased by 266.70% to \$1,578,497. The District’s mill levy remains the same with 70.383 mills for tax collection in the 2019 fiscal year -- 14.000 mills dedicated to the General Fund, 1.106 mills dedicated to contractual obligations and 55.277 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.

Loan Principal and Interest in the Year Ending December 31,	Highline Crossing Metropolitan District		
	2017A Senior Bonds, \$1,590,000 2017B Subordinate Bonds, \$336,000		
	Principal	Interest	Total
2018	\$ -	\$ 87,450	\$ 87,450
2019	-	87,450	87,450
2020	10,000	93,788	103,788
2021	15,000	116,424	131,424
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>\$ 1,926,000</u>	<u>\$ 2,571,687</u>	<u>\$ 4,497,687</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

	2017 Actual	2018 Adopted Budget	2019 Adopted Budget
Assessed Valuation	\$ 461,013	\$ 591,861	\$ 1,578,497
Mill Levy			
General Fund	65.000	14.000	14.000
ARI	-	1.106	1.106
Debt Service Fund	-	55.277	55.277
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Total Mill Levy	<u>65.000</u>	<u>70.383</u>	<u>70.383</u>
Property Taxes			
General Fund	\$ 29,966	\$ 8,286	\$ 22,099
ARI	-	655	1,746
Debt Service Fund	-	32,716	87,255
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Actual/Budgeted Property Taxes	<u>\$ 29,966</u>	<u>\$ 41,657</u>	<u>\$ 111,100</u>

HIGHLINE CROSSING METROPOLITAN DISTRICT

GENERAL FUND

2019 Adopted Budget

with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated

	2017 Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
BEGINNING FUND BALANCE	\$ -	\$ 6,612	\$ 15,949	\$ 35,588
REVENUE				
Property Tax Revenue	29,966	8,286	8,286	22,099
Specific Ownership Taxes	2,566	500	500	1,326
Developer Advance	19,866	40,045	35,000	50,000
Interest Income	1,146	700	5	300
Transfer fee	8,700	7,200	11,400	300
Operations Fee	4,582	1,470	28,000	37,800
Design Review Fees	300	-	2,800	1,000
Miscellaneous Income	-	60	-	-
Total Revenue	67,125	58,261	85,991	112,825
Total Funds Available	67,125	64,873	101,940	148,413
EXPENDITURES				
Accounting	8,669	10,000	10,000	10,000
Audit	-	4,000	5,719	5,000
Insurance/SDA Dues	2,059	2,500	3,141	3,500
Legal	10,149	10,000	10,000	10,000
District Engineer	-	1,500	-	-
Election	-	1,500	967	-
Management	24,994	15,000	15,000	15,000
Miscellaneous	1,900	1,500	2,512	1,500
Office, Dues & Other	-	-	56	-
Treasurer's Fees	467	124	124	331
Covenant Control	-	8,169	10,000	10,800
Billing	-	5,100	5,100	4,500
Landscape Maintenance	-	-	-	26,000
Landscape Improvements	-	-	-	5,000
Irrigation Repair	-	-	-	5,000
Snow Removal	-	-	-	15,000
Detention Pond Maintenance	-	-	-	3,000
Operations and Maint Reserve	-	2,280	2,280	7,898
Repairs and Maintenance	-	1,000	1,000	2,000
Fence Repairs	-	-	-	2,000
Utilities	-	-	-	8,000
Contingency	-	452	452	5,000
Total Expenditures	48,237	63,125	66,352	139,529
Transfers and Other Uses				
Emergency Reserve	-	1,748	-	3,385
Transfer to Capital Projects	2,940	-	-	-
Total Transfers and Other Uses	2,940	1,748	-	3,385
Total Expenditures Requiring Appropriation	51,177	63,125	66,352	142,913
ENDING FUND BALANCE	\$ 15,948	\$ 1,748	\$ 35,588	\$ 5,500

HIGHLINE CROSSING METROPOLITAN DISTRICT

DEBT SERVICE FUND

2019 Adopted Budget

with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated

	2017 Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
BEGINNING FUND BALANCE	\$ -	\$ 303,110	\$ 305,237	\$ 254,717
REVENUE				
Property Tax Revenue	-	32,716	32,716	87,255
Regional Improvement Revenue	-	655	655	1,746
Specific Ownership Tax	-	1,800	1,800	1,800
Transfer from Capital Projects	337,033	-	3,885	-
Interest Income/Other	1,811	1,100	5,000	5,000
Total Revenue	338,844	36,271	44,056	95,801
Total Funds Available	338,844	339,381	349,293	350,518
EXPENDITURES				
Bond Interest	33,523	87,450	87,450	87,450
Paying Agent Fees	-	1,500	5,500	5,500
Miscellaneous Expense	84	-	475	-
Treasurer's Fees	-	491	491	1,309
Aurora Expense	-	645	645	1,675
Treasurer Fee- Reg Imp	-	-	15	-
Contingency	-	100	-	10,000
Total Expenditures	33,607	90,186	94,576	105,934
Total Expenditures Requiring Appropriation	33,607	90,186	94,576	105,934
ENDING FUND BALANCE	\$ 305,237	\$ 249,195	\$ 254,717	\$ 244,584

HIGHLINE CROSSING METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2019 Adopted Budget
with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated

	2017 YTD Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
BEGINNING FUND BALANCE	\$ -	\$ 3,821	\$ 3,830	\$ 0
REVENUE				
Interest and Other Income	65	-	55	-
Transfer from General Fund	2,940	-	-	-
Bond Proceeds - Senior	1,590,000	-	-	-
Bond Proceeds - Subordinate	336,000	-	-	-
Total Revenue	1,929,005	-	55	-
Total Funds Available	1,929,005	3,821	3,885	0
EXPENDITURES				
Bond Issuance Costs	196,464	-	-	-
Legal	-	-	-	-
Management	-	-	-	-
Miscellaneous	-	-	-	-
Engineering	2,940	-	-	-
Contingency	-	-	-	-
Total Expenditures	199,404	-	-	-
Transfers and Other Uses				
Transfer to Debt Service Fund	337,033	-	3,885	-
Developer reimbursement	1,388,737	-	-	-
Total Transfers and Other Uses	1,725,770	-	3,885	-
Total Expenditures Requiring Appropriation	1,925,174	-	3,885	-
ENDING FUND BALANCE	\$ 3,830	\$ 3,821	\$ 0	\$ -