

HIGHLINE CROSSING METROPOLITAN DISTRICT

2021 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 2021 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2021 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 2020 assessed value increased to \$2,587,213 from \$2,552,213 the prior year. The District’s mill levy has been kept the same at 74.778 mills for tax collection in the 2021 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
			2017A Senior Bonds, \$1,590,000
			2017B Subordinate Bonds, \$336,000
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>\$ 1,916,000</u>	<u>\$ 2,390,449</u>	<u>\$ 4,306,449</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

	2019 Actual	2020 Adopted Budget	2021 Adopted Budget
Assessed Valuation	\$ 1,578,497	\$ 2,552,213	\$ 2,587,213
Mill Levy			
General Fund	14.000	18.000	18.000
ARI	1.106	1.114	1.114
Debt Service Fund	55.277	55.664	55.664
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Total Mill Levy	70.383	74.778	74.778
Property Taxes			
General Fund	\$ 22,099	\$ 45,940	\$ 46,570
ARI	1,746	2,843	2,882
Debt Service Fund	87,255	142,066	144,015
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Actual/Budgeted Property Taxes	\$ 111,100	\$ 190,849	\$ 193,467

HIGHLINE CROSSING 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	\$ 12,259	\$ 15,203	\$ 5,391	\$ 19,705
REVENUE				
Property Tax Revenue	22,099	45,940	45,940	46,570
Specific Ownership Taxes	1,733	2,756	2,400	2,750
Developer Advance	44,427	25,000	25,000	-
Interest Income	47	200	45	15
Transfer fee	900	200	1,200	200
Operations Fee	37,455	50,400	50,490	50,490
Design Review Fees	400	250	100	50
Miscellaneous Income	-	-	-	-
Total Revenue	107,060	124,746	125,175	100,075
Total Funds Available	119,319	139,949	130,566	119,780
EXPENDITURES				
Accounting	11,730	10,000	10,000	10,000
Audit	5,284	5,000	5,000	6,000
Director's Fees	-	-	-	-
Insurance/SDA Dues	4,837	3,700	8,600	8,800
Legal	8,802	7,500	7,500	7,000
Election	56	1,500	1,046	-
Management	10,715	10,000	10,000	9,000
Miscellaneous	2,506	1,000	2,750	1,000
Treasurer's Fees	332	689	689	699
Covenant Control	10,800	10,800	10,800	7,200
Billing	3,400	4,500	4,000	4,000
Landscape Maintenance	16,878	16,000	16,000	16,000
Landscape Improvements	-	3,000	3,400	3,500
Irrigation Repair	4,553	5,000	5,715	5,000
Snow Removal	23,765	20,000	10,000	15,000
Detention Pond Maintenance	-	3,000	-	1,400
Operations and Maint Reserve	-	5,000	-	2,000
Repairs and Maintenance	-	2,000	1,361	2,000
Fence Repairs	-	2,000	-	2,000
Utilities	10,271	10,000	14,000	14,000
Contingency	-	5,000	-	-
Total Expenditures	113,928	125,689	110,861	114,598
Transfers and Other Uses				
Emergency Reserve	-	3,742	-	3,002
Transfer to Capital Projects	-	-	-	-
Total Transfers and Other Uses	-	3,742	-	3,002
Total Expenditures Requiring Appropriation	113,928	129,431	110,861	117,601
ENDING FUND BALANCE	\$ 5,391	\$ 10,518	\$ 19,705	\$ 2,179

HIGHLINE CROSSING 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	\$ 252,643	\$ 352,048	\$ 260,593	\$ 306,557
REVENUE				
Property Tax Revenue	87,255	142,066	142,066	144,015
Regional Improvement	1,746	2,843	2,843	2,882
Specific Ownership Tax	6,977	5,000	7,600	7,600
Interest Income/Other	4,589	5,000	1,500	1,000
Transfer From Capital Projects Fund	3,854	-	-	-
Total Revenue	104,421	154,909	154,009	155,497
Total Funds Available	357,064	506,957	414,602	462,055
EXPENDITURES				
Bond Principal	-	10,000	10,000	15,000
Bond Interest	87,450	87,450	87,450	86,900
Paying Agent Fees	5,614	5,500	5,500	5,500
Miscellaneous Expense	-	-	120	250
Treasurer's Fees	1,311	2,174	2,174	2,203
Aurora Expense	2,068	2,801	2,801	2,839
Treasurer Fee- Reg Imp	26	-	-	-
Contingency	-	10,000	-	10,000
Total Expenditures	96,471	117,924	108,045	122,692
Total Expenditures Requiring Appropriation	96,471	117,924	108,045	122,692
ENDING FUND BALANCE	\$ 260,593	\$ 389,033	\$ 306,557	\$ 339,362

HIGHLINE CROSSING METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2021 Adopted Budget
with 2019 Actual, 2020 Adopted Budget, and 2020 Estimated

	2019 YTD Actual	2020 Adopted Budget	2020 Estimated	2021 Adopted Budget
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BEGINNING FUND BALANCE	\$ 3,854	\$ -	\$ -	\$ -
REVENUE				
Interest and Other Income	-	-	-	-
Transfer from General Fund	-	-	-	-
Bond Proceeds - Senior	-	-	-	-
Bond Proceeds - Subordinate	-	-	-	-
Total Revenue	-	-	-	-
Total Funds Available	3,854	-	-	-
EXPENDITURES				
Bond Issuance Costs	-	-	-	-
Legal	-	-	-	-
Management	-	-	-	-
Miscellaneous	-	-	-	-
Engineering	-	-	-	-
Contingency	-	-	-	-
Total Expenditures	-	-	-	-
Transfers and Other Uses				
Transfer to Debt Service Fund	3,854	-	-	-
Developer reimbursement	-	-	-	-
Total Transfers and Other Uses	3,854	-	-	-
Total Expenditures Requiring Appropriation	3,854	-	-	-
ENDING FUND BALANCE	\$ (0)	\$ -	\$ -	\$ -