

HOMESTEAD HILLS METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2022

**HOMESTEAD HILLS METROPOLITAN DISTRICT
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 4,080	\$ 476,058	\$ 256,547
REVENUES			
Property Taxes	35,876	186,032	309,569
Specific ownership tax	2,641	2,960	21,670
Bond premium Series 2020A	111,555	-	-
Bond proceeds Series 2019 A	2,220,000	-	-
Bond proceeds Series 2019B	722,000	-	-
Developer Advance - Carlson Administration	14,000	-	-
Developer Advance - Carlson Capital	3,202,768	-	-
Developer Advance - KB Administration	14,000	-	-
Developer Advance - KB Operations	53,750	50,000	-
Interest Income	777	102	120
Maintenance Fees	12,536	40,000	50,000
Total revenues	<u>6,389,903</u>	<u>279,094</u>	<u>381,359</u>
TRANSFERS IN	<u>308,437</u>	<u>39,858</u>	<u>102,777</u>
Total funds available	<u>6,702,420</u>	<u>795,010</u>	<u>740,683</u>
EXPENDITURES			
General Fund	125,941	47,942	54,470
Special Revenue Fund	-	92,100	160,058
Debt Service Fund	80,450	119,469	120,444
Capital Projects Fund	5,711,534	239,094	-
Total expenditures	<u>5,917,925</u>	<u>498,605</u>	<u>334,972</u>
TRANSFERS OUT	<u>308,437</u>	<u>39,858</u>	<u>102,777</u>
Total expenditures and transfers out requiring appropriation	<u>6,226,362</u>	<u>538,463</u>	<u>437,749</u>
ENDING FUND BALANCES	<u>\$ 476,058</u>	<u>\$ 256,547</u>	<u>\$ 302,934</u>
EMERGENCY RESERVE	\$ 920	\$ 2,700	\$ 4,700
MAINTENANCE RESERVE	-	12,390	15,470
DEBT RESERVE FUND	100	171,078	171,489
SURPLUS FUND	-	57,718	111,275
TOTAL RESERVE	<u>\$ 1,020</u>	<u>\$ 243,886</u>	<u>\$ 302,934</u>

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Vacant land	\$ 378,740	\$ 658,010	\$ 394,690
Residential	-	1,090,340	2,499,090
Commercial	-	10,640	-
State assessed	-	-	160
Personal	-	-	33,130
Certified Assessed Value	<u>\$ 378,740</u>	<u>\$ 1,758,990</u>	<u>\$ 2,927,070</u>
MILL LEVY			
General	45.000	50.097	50.097
Debt Service	50.000	55.664	55.664
Total mill levy	<u>95.000</u>	<u>105.761</u>	<u>105.761</u>
PROPERTY TAXES			
General	\$ 17,043	\$ 88,120	\$ 146,637
Debt Service	18,937	97,912	162,932
Levied property taxes	35,980	186,032	309,569
Adjustments to actual/rounding	(104)	-	-
Budgeted property taxes	<u>\$ 35,876</u>	<u>\$ 186,032</u>	<u>\$ 309,569</u>
BUDGETED PROPERTY TAXES			
General	\$ 16,994	\$ 88,120	\$ 146,636
Debt Service	18,882	97,912	162,933
	<u>\$ 35,876</u>	<u>\$ 186,032</u>	<u>\$ 309,569</u>

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 1,649	\$ 3,248	\$ 5,000
REVENUES			
Property taxes	16,994	88,120	146,637
Specific ownership tax	1,251	1,402	10,265
Developer Advance - Carlson Administration	14,000	-	-
Developer Advance - KB Administration	14,000	-	-
Developer Advance - KB Operations	53,750	-	-
Interest income	2	30	45
Maintenance fees	12,536	-	-
Total revenues	112,533	89,552	156,947
Total funds available	114,182	92,800	161,947
EXPENDITURES			
Administrative			
Accounting	21,887	17,000	20,000
Auditing	-	4,350	4,500
County Treasurer's fee	255	1,322	2,200
Dues and licenses	346	1,290	1,500
Insurance and bonds	2,375	2,630	2,770
Legal services	21,919	20,000	22,000
Miscellaneous	-	1,350	1,500
Operations			
Billing	9,200	-	-
Repairs and maintenance	405	-	-
Election expense	1,783	-	-
Electricity	624	-	-
Fertilization/weed/insect	1,250	-	-
Landscaping	16,972	-	-
Management - Operations	11,875	-	-
Miscellaneous	1,482	-	-
Native Area Maintenance	172	-	-
Snow Removal	19,401	-	-
Water	15,995	-	-
Total expenditures	125,941	47,942	54,470
TRANSFERS OUT			
Transfers to other fund	-	39,858	102,777
Total expenditures and transfers out requiring appropriation	125,941	87,800	157,247
ENDING FUND BALANCE	\$ (11,759)	\$ 5,000	\$ 4,700
EMERGENCY RESERVE	\$ 920	\$ 2,700	\$ 4,700
TOTAL RESERVE	\$ 920	\$ 2,700	\$ 4,700

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ (15,007)	\$ 22,751
REVENUES			
Developer Advance - KB Operations	-	50,000	-
Maintenance fees	-	40,000	50,000
Total revenues	<u>-</u>	<u>90,000</u>	<u>50,000</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>39,858</u>	<u>102,777</u>
Total funds available	<u>-</u>	<u>114,851</u>	<u>175,528</u>
EXPENDITURES			
Operations			
Billing	-	13,500	14,850
Detention pond	-	-	3,500
Electricity	-	1,000	2,200
Fertilization/weed/insect	-	2,000	5,166
Landscaping	-	15,000	38,020
Legal - operations	-	-	1,000
District management	-	9,600	12,600
Miscellaneous	-	1,000	2,096
Monument	-	-	5,000
Native area maintenance	-	-	2,286
Repairs and maintenance	-	5,000	20,766
Snow removal	-	38,000	40,000
Water	-	7,000	11,319
Water - native	-	-	1,255
Total expenditures	<u>-</u>	<u>92,100</u>	<u>160,058</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>92,100</u>	<u>160,058</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 22,751</u>	<u>\$ 15,470</u>
MAINTENANCE RESERVE	<u>\$ -</u>	<u>\$ 12,390</u>	<u>\$ 15,470</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 12,390</u>	<u>\$ 15,470</u>

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 45	\$ 248,735	\$ 228,796
REVENUES			
Property taxes	18,882	97,912	162,932
Specific ownership tax	1,390	1,558	11,405
Interest income	431	60	75
Total revenues	<u>20,703</u>	<u>99,530</u>	<u>174,412</u>
TRANSFERS IN			
Transfers from other funds	<u>308,437</u>	-	-
Total funds available	<u>329,185</u>	<u>348,265</u>	<u>403,208</u>
EXPENDITURES			
County Treasurer's fee	283	1,469	2,444
Paying agent fees	-	7,000	7,000
Bond interest - Series 2020A	80,167	111,000	111,000
Total expenditures	<u>80,450</u>	<u>119,469</u>	<u>120,444</u>
Total expenditures and transfers out requiring appropriation	<u>80,450</u>	<u>119,469</u>	<u>120,444</u>
ENDING FUND BALANCE	<u>\$ 248,735</u>	<u>\$ 228,796</u>	<u>\$ 282,764</u>
DEBT RESERVE FUND	\$ 100	\$ 171,078	\$ 171,489
SURPLUS FUND	-	57,718	111,275
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 228,796</u>	<u>\$ 282,764</u>

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	2,386	\$ 239,082	\$ -
REVENUES			
Developer Advance - Carlson Capital	3,202,768	-	-
Bond premium Series 2020A	111,555	-	-
Bond proceeds Series 2019 A	2,220,000	-	-
Bond proceeds Series 2019B	722,000	-	-
Interest income	344	12	-
Total revenues	6,256,667	12	-
Total funds available	6,259,053	239,094	-
EXPENDITURES			
General and administrative			
Bond Issue Costs	309,007	-	-
Capital outlay	3,202,768	-	-
Engineering	7,538	-	-
Repay developer advance	2,192,221	239,094	-
Total expenditures	5,711,534	239,094	-
TRANSFERS OUT			
Transfers to other fund	308,437	-	-
Total expenditures and transfers out requiring appropriation	6,019,971	239,094	-
ENDING FUND BALANCE	\$ 239,082	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District’s service area is located entirely within the Town of Thornton, Adams County, Colorado.

The District was established to provide financing for the construction, installation, and operation of public improvements, including streets and safety controls, water, storm and sanitary sewer, and park and recreation facilities, primarily for single family residential development within the District.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Developer Advances

Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

The estimated balance of Developer advances as of December 31, 2021 are:

	Balance December 31, 2020	Additions	Retirements	Est. Balance December 31, 2021
Developer Advances - Operating				
Principal	141,123	50,000	-	191,123
Interest	7,942	7,863	-	15,805
	<u>\$ 149,065</u>	<u>\$ 57,863</u>	<u>\$ -</u>	<u>\$ 206,928</u>

Property Taxes

Property taxes are levied by the District’s Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7.0% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.10%.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

General and Administrative Expenditures

General and administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the anticipated Series 2020A and Series 2020B Bonds (discussed under Debt and Leases).

Debt and Leases

The District issued the Bonds on March 11, 2020, in the par amounts of \$2,220,000 for the Senior Bonds and \$722,000 for the Subordinate Bonds. Proceeds from the sale of the Bonds were used to finance or reimburse a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development. A portion of the proceeds of the Senior Bonds were also used to fund: (a) the Reserve Fund, (b) capitalized interest on the Senior Bonds, and (c) costs of issuing the Bonds.

The Senior Bonds bear interest at 5.000% per annum (4.2427% yield) and are payable semiannually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The Senior Bonds mature on December 1, 2050.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

The Subordinate Bonds bear interest at the rate of 8.000% per annum and are payable annually on December 15, beginning December 15, 2020 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2050. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

To the extent principal of any Senior Bonds is not paid when due, such principal shall remain outstanding until paid, subject to discharge of the Senior Bonds on December 1, 2059 (the Senior Bonds Discharge Date). To the extent interest on any Senior Bonds is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Senior Bond. All of the Subordinate Bonds and interest thereon are to be deemed to be discharged after the application of all available Subordinate Pledged Revenue on December 15, 2059 (the "Subordinate Bonds Discharge Date"), regardless of the amount of principal and interest paid prior to the Subordinate Bonds Discharge Date.

In the event any amounts due on the Senior Bonds remain unpaid after the application of all Senior Pledged Revenue available on the Senior Bonds Discharge Date, such amounts shall be deemed discharged and shall no longer be due and outstanding, regardless of the amount of principal and interest paid prior to the Senior Bonds Discharge Date.

The Senior and Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium. The Senior and Subordinate Bonds are secured by Senior Pledged Revenue which means: (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; (c) all Capital Fees, if any; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Prior to the Conversion Date, the District is required to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount necessary to generate Senior Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Senior Bonds when due (less any amount then on deposit in the Senior Bond Fund and, solely to the extent provided in the Senior Indenture, the Surplus Fund and the Reserve Fund, respectively) and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2004).

The District is required to impose a Subordinate Required Mill Levy upon all taxable property in the District each year in an amount equal to (i) 50 mills (as adjusted) less the Senior Obligation Mill Levy, or (ii) such lesser amount that will generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Subordinate Bonds in full in the year such levy is collected. Senior Obligation Mill Levy means the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

For so long as the Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount, the Senior Required Mill Levy is to be equal to 50 mills (subject to adjustment), or such lesser amount that will generate Senior Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Senior Bonds when due, to replenish the Reserve Fund to the Reserve Requirement, and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Senior Bond Fund, the Surplus Fund, and the Reserve Fund, will pay the Senior Bonds in full in the year such levy is collected.

On and after the Conversion Date, an ad valorem mill levy is to be imposed upon all taxable property of the District each year in an amount necessary (without limitation as to rate) to generate Senior Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Senior Bonds when due (less any amounts then on deposit in the Senior Bond Fund and, solely as provided in the Senior Indenture, the Reserve Fund) and to replenish the Reserve Fund to the Reserve Requirement. On and after the Conversion Date, the definition of "Senior Required Mill Levy" shall be determined exclusively by this paragraph regardless of any subsequent increase in the Debt to Assessed Ratio.

The Conversion Date is the first date on which all of the following conditions are met: (a) the Debt to Assessed Ratio is 50% or less; (b) no amounts of principal or interest on the Senior Bonds are due but unpaid; and (c) the amount on deposit in the Reserve Fund is not less than the Reserve Requirement. Debt means the aggregate outstanding principal amount of the Senior Bonds, any Parity Bonds, the Subordinate Bonds, and any other obligation for which the District is obligated to impose ad valorem taxes and/or collect fee revenue.

The Senior Bonds are additionally secured by capitalized interest which was funded from proceeds of the Senior Bonds in the amount of \$135,667, by the Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Reserve Requirement of \$170,750, and by amounts, if any, in the Surplus Fund.

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$222,000. The Surplus Fund is to be maintained until the Conversion Date, at which time such fund will be terminated and all amounts on deposit are to be released to the District for application to any lawful purpose. Pursuant to the Subordinate Indenture, amounts released from the Surplus Fund are pledged to the repayment of the Subordinate Bonds.

The estimated balance of the Subordinate Bonds as of December 31, 2021 are:

	Balance December 31, 2020	Additions	Retirements	Est. Balance December 31, 2021
Subordinate Limited Tax General Obligation Bonds				
Principal	\$ 722,000	\$ -	\$ -	\$ 722,000
Interest	46,685	61,495	-	108,180
	<u>\$ 768,685</u>	<u>\$ 61,495</u>	<u>\$ -</u>	<u>\$ 830,180</u>

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3.00% of fiscal year spending for 2022 as defined under TABOR.

Debt Service Reserves

The District maintains a Debt Service Reserve of \$170,750 as required with the issuance of the Series 2020 Bonds.

This information is an integral part of the accompanying budget.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	General Obligation Bonds, Series 2020A		
	Initial Funded Amount		
	\$2,220,000		
	Interest Rate of 5.00%		
	Payable June 1 and December 1		
	Principal Due December 1		
	Principal	Interest	Total
2022	\$ -	\$ 111,000	\$ 111,000
2023	20,000	111,000	131,000
2024	20,000	110,000	130,000
2025	25,000	109,000	134,000
2026	25,000	107,750	132,750
2027	30,000	106,500	136,500
2028	35,000	105,000	140,000
2029	35,000	103,250	138,250
2030	40,000	101,500	141,500
2031	40,000	99,500	139,500
2032	45,000	97,500	142,500
2033	50,000	95,250	145,250
2034	55,000	92,750	147,750
2035	55,000	90,000	145,000
2036	65,000	87,250	152,250
2037	65,000	84,000	149,000
2038	75,000	80,750	155,750
2039	75,000	77,000	152,000
2040	85,000	73,250	158,250
2041	90,000	69,000	159,000
2042	95,000	64,500	159,500
2043	100,000	59,750	159,750
2044	110,000	54,750	164,750
2045	115,000	49,250	164,250
2046	125,000	43,500	168,500
2047	130,000	37,250	167,250
2048	140,000	30,750	170,750
2049	145,000	23,750	168,750
2050	330,000	16,500	346,500
	\$ 2,220,000	\$ 2,291,250	\$ 4,511,250

No assurance provided. See summary of significant assumptions.