

HOMESTEAD HILLS METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2023

**HOMESTEAD HILLS METROPOLITAN DISTRICT
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 476,058	\$ 212,330	\$ 292,377
REVENUES			
Property Taxes	186,032	309,569	311,642
Specific ownership tax	3,000	10,000	21,815
Developer contribution	50,000	25,000	-
Interest Income	250	1,088	3,150
Maintenance Fees	26,009	28,000	28,000
Other Revenue	13,975	-	-
Total revenues	<u>279,266</u>	<u>373,657</u>	<u>364,607</u>
TRANSFERS IN	<u>40,000</u>	<u>103,741</u>	<u>113,260</u>
Total funds available	<u>795,324</u>	<u>689,728</u>	<u>770,244</u>
EXPENDITURES			
General Fund	51,951	44,365	49,810
Special Revenue Fund	132,518	128,800	145,000
Debt Service Fund	119,469	120,445	140,288
Capital Projects Fund	239,056	-	-
Total expenditures	<u>542,994</u>	<u>293,610</u>	<u>335,098</u>
TRANSFERS OUT	<u>40,000</u>	<u>103,741</u>	<u>113,260</u>
Total expenditures and transfers out requiring appropriation	<u>582,994</u>	<u>397,351</u>	<u>448,358</u>
ENDING FUND BALANCES	<u>\$ 212,330</u>	<u>\$ 292,377</u>	<u>\$ 321,886</u>
EMERGENCY RESERVE	\$ 939	\$ 4,600	\$ 5,100
MAINTENANCE RESERVE	-	10,400	6,660
DEBT RESERVE FUND	170,750	170,750	170,750
SURPLUS FUND	58,140	106,627	132,547
TOTAL RESERVE	<u>\$ 229,829</u>	<u>\$ 292,377</u>	<u>\$ 315,057</u>

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Residential	\$ 1,090,340	\$ 2,499,090	\$ -
Residential - Single Family	-	-	2,891,110
Commercial	10,640	-	-
State assessed	-	160	540
Vacant land	658,010	394,690	290
Personal	-	33,130	54,730
Certified Assessed Value	<u>\$ 1,758,990</u>	<u>\$ 2,927,070</u>	<u>\$ 2,946,670</u>
MILL LEVY			
General	50.097	50.097	53.997
Debt Service	55.664	55.664	51.764
Total mill levy	<u>105.761</u>	<u>105.761</u>	<u>105.761</u>
PROPERTY TAXES			
General	\$ 88,120	\$ 146,637	\$ 159,111
Debt Service	97,912	162,932	152,531
Levied property taxes	<u>186,032</u>	<u>309,569</u>	<u>311,642</u>
Budgeted property taxes	<u>\$ 186,032</u>	<u>\$ 309,569</u>	<u>\$ 311,642</u>
BUDGETED PROPERTY TAXES			
General	\$ 88,120	\$ 146,637	\$ 159,111
Debt Service	97,912	162,932	152,531
	<u>\$ 186,032</u>	<u>\$ 309,569</u>	<u>\$ 311,642</u>

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 3,248	\$ 939	\$ 4,600
REVENUES			
Property taxes	88,120	146,637	159,111
Specific ownership tax	1,421	5,000	11,138
Interest income	101	88	150
Total revenues	<u>89,642</u>	<u>151,725</u>	<u>170,399</u>
Total funds available	<u>92,890</u>	<u>152,664</u>	<u>174,999</u>
EXPENDITURES			
Administrative			
Accounting	21,319	22,000	23,000
Auditing	4,350	4,500	5,450
County Treasurer's fee	1,323	2,200	2,387
Dues and licenses	1,290	304	1,000
Insurance and bonds	2,630	2,380	3,000
Legal services	19,457	10,000	11,000
Election expense	232	2,731	3,000
Miscellaneous	1,350	250	973
Total expenditures	<u>51,951</u>	<u>44,365</u>	<u>49,810</u>
TRANSFERS OUT			
Transfers to other fund	<u>40,000</u>	<u>103,699</u>	<u>113,260</u>
Total expenditures and transfers out requiring appropriation	<u>91,951</u>	<u>148,064</u>	<u>163,070</u>
ENDING FUND BALANCE	<u>\$ 939</u>	<u>\$ 4,600</u>	<u>\$ 11,929</u>
EMERGENCY RESERVE	<u>\$ 939</u>	<u>\$ 4,600</u>	<u>\$ 5,100</u>
TOTAL RESERVE	<u>\$ 939</u>	<u>\$ 4,600</u>	<u>\$ 5,100</u>

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	(15,007)	\$ (17,541)	\$ 10,400
REVENUES			
Developer contribution	50,000	25,000	-
Maintenance fees	26,009	28,000	28,000
Other revenue	13,975	-	-
Total revenues	<u>89,984</u>	<u>53,000</u>	<u>28,000</u>
TRANSFERS IN			
Transfers from other funds	<u>40,000</u>	<u>103,741</u>	<u>113,260</u>
Total funds available	<u>114,977</u>	<u>139,200</u>	<u>151,660</u>
EXPENDITURES			
Operations			
Billing	11,896	8,000	9,000
Electricity	554	800	1,000
Fertilization/weed/insect	1,630	5,000	5,500
Landscaping	28,733	35,000	35,000
District management	10,547	10,000	10,000
Miscellaneous	691	-	2,500
Repairs and maintenance	6,806	5,000	10,000
Snow removal	33,898	40,000	42,000
Water	37,763	25,000	30,000
Total expenditures	<u>132,518</u>	<u>128,800</u>	<u>145,000</u>
Total expenditures and transfers out requiring appropriation	<u>132,518</u>	<u>128,800</u>	<u>145,000</u>
ENDING FUND BALANCE	<u>\$ (17,541)</u>	<u>\$ 10,400</u>	<u>\$ 6,660</u>
MAINTENANCE RESERVE	<u>\$ -</u>	<u>\$ 10,400</u>	<u>\$ 6,660</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 10,400</u>	<u>\$ 6,660</u>

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 248,735	\$ 228,890	\$ 277,377
REVENUES			
Property taxes	97,912	162,932	152,531
Specific ownership tax	1,579	5,000	10,677
Interest income	133	1,000	3,000
Total revenues	99,624	168,932	166,208
Total funds available	348,359	397,822	443,585
EXPENDITURES			
County Treasurer's fee	1,469	2,445	2,288
Paying agent fees	7,000	7,000	7,000
Bond Principal	-	-	20,000
Bond interest - Series 2020A	111,000	111,000	111,000
Total expenditures	119,469	120,445	140,288
Total expenditures and transfers out requiring appropriation	119,469	120,445	140,288
ENDING FUND BALANCE	\$ 228,890	\$ 277,377	\$ 303,297
DEBT RESERVE FUND	\$ 170,750	\$ 170,750	\$ 170,750
SURPLUS FUND	58,140	106,627	132,547
TOTAL RESERVE	\$ 228,890	\$ 277,377	\$ 303,297

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	239,082	\$ 42	\$ -
REVENUES			
Interest income	16	-	-
Total revenues	<u>16</u>	<u>-</u>	<u>-</u>
Total funds available	<u>239,098</u>	<u>42</u>	<u>-</u>
EXPENDITURES			
General and administrative			
Repay developer advance	239,056	-	-
Total expenditures	<u>239,056</u>	<u>-</u>	<u>-</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>42</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>239,056</u>	<u>42</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2023 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, 2022 are:

	Balance December 31, 2021	Additions	Retirements	Est. Balance December 31, 2022
Developer Advances - Operating				
Principal	141,123	-	-	141,123
Interest	17,115	9,173	-	26,288
Developer Advances - Capital				
Principal	882,102	-	-	882,102
Interest	24,348	57,337	-	81,685
	<u>\$ 1,064,688</u>	<u>\$ 9,173</u>	<u>\$ -</u>	<u>\$ 1,131,198</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.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Property Taxes (continued)

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.40% from 29.00%. Producing oil and gas remains at 87.50%. All other nonresidential property stays at 29.00%.

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.

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 7.00% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based current and forecasted yields.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 1.50% 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).

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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.

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).

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

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.

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.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

The estimated balance of the Subordinate Bonds as of December 31, 2022 are:

	Balance December 31, 2021	Additions	Retirements	Est. Balance December 31, 2022
Subordinate Limited Tax General Obligation Bonds				
Principal	\$ 722,000	\$ -	\$ -	\$ 722,000
Interest	108,180	66,414	-	174,594
	<u>\$ 830,180</u>	<u>\$ 66,414</u>	<u>\$ -</u>	<u>\$ 896,594</u>

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 2023 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
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	\$ 2,180,250	\$ 4,400,250