

**THREE HILLS METROPOLITAN DISTRICT**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2022**

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

1/13/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 11,724,900
REVENUE			
Property taxes	-	-	2,275
Specific ownership taxes	-	-	182
Interest income	-	-	5,000
Developer advance	-	50,000	15,090,000
Bond issuance - Series 2021A(3)	-	12,205,000	-
Total revenue	-	12,255,000	15,097,457
Total funds available	-	12,255,000	26,822,357
EXPENDITURES			
General Fund	-	50,000	85,000
Debt Service Fund	-	-	5,000
Capital Projects Fund	-	480,100	26,729,900
Total expenditures	-	530,100	26,819,900
Total expenditures and transfers out requiring appropriation	-	530,100	26,819,900
ENDING FUND BALANCES	\$ -	\$ 11,724,900	\$ 2,457
EMERGENCY RESERVE	\$ -	\$ -	\$ 100
TOTAL RESERVE	\$ -	\$ -	\$ 100

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

1/13/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
<b>ASSESSED VALUATION</b>			
Agricultural	\$ 1,124	\$ 1,124	\$ 1,168
Personal property	29,015	32,357	30,580
State assessed	2,816	3,189	2,905
	<u>32,955</u>	<u>36,670</u>	<u>34,653</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 32,955</u>	<u>\$ 36,670</u>	<u>\$ 34,653</u>
<b>MILL LEVY</b>			
General	0.000	0.000	65.664
Total mill levy	<u>0.000</u>	<u>0.000</u>	<u>65.664</u>
<b>PROPERTY TAXES</b>			
General	\$ -	\$ -	\$ 2,275
Levied property taxes	<u>-</u>	<u>-</u>	<u>2,275</u>
Budgeted property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,275</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,275</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,275</u>

No assurance provided. See summary of significant assumptions.

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

1/13/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Property taxes	-	-	2,275
Specific ownership taxes	-	-	182
Developer advance	-	50,000	85,000
Total revenue	<u>-</u>	<u>50,000</u>	<u>87,457</u>
Total funds available	<u>-</u>	<u>50,000</u>	<u>87,457</u>
EXPENDITURES			
General and administrative			
Accounting	-	20,000	30,000
Audit	-	-	5,000
County Treasurer's fee	-	-	34
Dues	-	500	500
Insurance	-	2,500	2,500
Legal	-	25,000	45,000
Election expense	-	-	1,500
Contingency	-	2,000	466
Total expenditures	<u>-</u>	<u>50,000</u>	<u>85,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>50,000</u>	<u>85,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,457</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>

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

1/13/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Developer advance	-	-	5,000
Total revenue	<u>-</u>	<u>-</u>	<u>5,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>5,000</u>
EXPENDITURES			
Debt Service			
County Treasurer's fee	-	-	29
Contingency	-	-	971
Paying agent fees	-	-	4,000
Total expenditures	<u>-</u>	<u>-</u>	<u>5,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>5,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

1/13/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 11,724,900
REVENUE			
Interest income	-	-	5,000
Bond issuance - Series 2021A(3)	-	12,205,000	-
Developer advance	-	-	15,000,000
Total revenue	<u>-</u>	<u>12,205,000</u>	<u>15,005,000</u>
Total funds available	<u>-</u>	<u>12,205,000</u>	<u>26,729,900</u>
EXPENDITURES			
Capital Projects			
Accounting	-	-	10,000
Bond issue costs	-	480,100	-
Capital outlay	-	-	15,000,000
Engineering	-	-	15,000
Legal	-	-	20,000
Repay Developer advance	-	-	11,684,900
Total expenditures	<u>-</u>	<u>480,100</u>	<u>26,729,900</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>480,100</u>	<u>26,729,900</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 11,724,900</u>	<u>\$ -</u>

**Three Hills Metropolitan District  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Three Hills Metropolitan District (the "District"), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order of the District Court in Jefferson County and is governed pursuant to provisions of the Colorado Special District Act, Title 32, Article I, Colorado Revised Statutes. The District's service area is location in Jefferson County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services.

Pursuant to the Amended Service Plan, the District is permitted to issue bond indebtedness of up to \$40,000,000. In the future, the District may issue a portion or all of the authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the Districts' service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

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

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**

The District's general and administrative costs in 2022 will be funded by the Developer. 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 bonds proceeds (if applicable) and other legally available revenue.

**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, sale 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 information page of the budget.

**Three 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 8% of the property taxes collected.

**Interest Income**

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

**Expenditures**

**General and Administrative Expenditures**

General and administrative expenditures include the estimated cost of services necessary to maintain the District's administrative viability such as legal, accounting, insurance, membership dues, election and other administrative expenditures.

**Debt Service**

There is no debt amortization schedule provided for the Series 2021(3) Bonds (Described under Debt and Leases) as the Bonds are cash flow bonds and the timing of the payments are unknown.

**Capital Outlay**

The District anticipates capital outlay as outlined in the Capital Project Fund.

**Debt and Leases**

**Limited Tax General Obligation Bonds, Series 2021(3) (the Bonds)**

Bond Proceeds

The District issued the Bonds on December 22, 2021, in the par amount of \$12,205,000. Proceeds from the sale of the Bonds will be used to (a) finance or reimburse a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the Development; and (b) pay the costs of issuing the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 5.625% per annum and are payable annually on each December 1, beginning on December 1, 2022, but only from and to the extent of available Pledge Revenue. The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of Pledged Revenue.



**Three Hills Metropolitan District  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (Continued)**

Details of the Bonds (Continued)

The 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 Bonds compounds annually on each December 1. In the event that any amount of principal or interest on the Bonds remains unpaid on December 2, 2061, such amounts will be deemed discharged and no longer due and outstanding.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

Date of Redemption

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2026, to November 30, 2027	3.00%
December 1, 2027, to November 30, 2028	2.00
December 1, 2028, to November 30, 2029	1.00
December 1, 2029, and thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the ad valorem property taxes derived from the imposition of the Required Mill Levy, net of any fees and collection costs of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

The District is required to impose an ad valorem mill levy, the Required Mill Levy, on all taxable property of the District each year in the amount of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after September 7, 2004) or such lesser mill levy which is sufficient to pay all of the principal of, premium if any, and interest on the Bonds in full.

The District has no debt, nor any capital and operating leases.

**Reserves**

**Emergency Reserve**

TABOR requires local governments to establish emergency reserve. This reserve must be at least 3% of fiscal year spending.

**This information is an integral part of the accompanying budget.**