

**MORGAN HILL METROPOLITAN DISTRICT NO. 1
GOVERNMENTAL FUND**

	2019	2020		2021 BUDGET		
	Actual Final	Original Budget	Projected Final	General Fund Budget	Debt Service Budget	Total Budget
REVENUES						
Taxes						
Property	\$ 196,340	\$ 306,241	\$ 306,241	\$ 155,913	\$ -	\$ 155,913
Specific ownership	13,315	20,671	14,536	9,355	-	9,355
TIF	-	-	-	-	-	-
Intergovernmental						
Transfers from Morgan Hill MD No. 2	245,000	2,952,737	594,463	-	-	-
Transfers from Morgan Hill MD No. 3	-	13,050,000	53,000	-	-	-
Investment income	7,082	-	2,442	-	-	-
Other	-	-	-	-	-	-
Total revenue	\$ 461,737	\$ 16,329,649	\$ 970,682	\$ 165,267	\$ -	\$ 165,267
EXPENDITURES						
Current						
County Treasurer's fees	2,945	4,594	4,613	2,339	-	2,339
Letter of credit fees	28,472	64,845	18,185	6,200	-	6,200
Insurance	3,084	5,000	3,396	3,500	-	3,500
Accounting	27,069	30,000	28,688	10,000	-	10,000
Audit	6,500	12,000	11,288	12,000	-	12,000
Legal	9,620	20,000	12,595	10,000	-	10,000
Director fees	60	60	60	30	-	30
Other	531	3,500	1,834	5,000	-	5,000
Subtotal current	78,282	139,999	80,659	49,069	-	49,069
Capital Outlay						
Work in process	4,358,958	16,000,000	2,311,748	497,830	-	497,830
Subtotal capital outlay	4,358,958	16,000,000	2,311,748	497,830	-	497,830
Intergovernmental						
Transfers to Morgan Hill MD No. 2	3,766	5,500	11,699	15,750	-	15,750
Transfers to Morgan Hill MD No. 3	8,033	10,500	77,437	3,600,000	-	3,600,000
Subtotal intergovernmental	11,800	16,000	89,136	3,615,750	-	3,615,750
Debt service						
Loan origination fees	-	-	-	400,000	-	400,000
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Subtotal debt service	-	-	-	400,000	-	400,000
Total expenditures	\$ 4,449,040	\$ 16,155,999	\$ 2,481,543	\$ 4,562,649	\$ -	\$ 4,562,649
(DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (3,987,303)	\$ 173,651	\$ (1,510,861)	\$ (4,397,381)	\$ -	\$ (4,397,381)
OTHER FINANCING SOURCES						
Debt proceeds	-	-	-	4,000,000	-	4,000,000
Developer advances received	-	-	-	-	-	-
Change in working capital	(87,776)	-	(50,232)	-	-	-
Total other financing sources	\$ (87,776)	\$ -	\$ (50,232)	\$ 4,000,000	\$ -	\$ 4,000,000
NET CHANGE IN FUND BALANCE	(4,075,079)	173,651	(1,561,093)	(397,381)	-	(397,381)
FUND BALANCE - BEGINNING OF YEAR	6,499,189	2,424,111	2,424,111	863,017	-	863,017
FUND BALANCE - END OF CURRENT PERIOD	\$ 2,424,111	\$ 2,597,761	\$ 863,017	\$ 465,636	\$ -	\$ 465,636

MORGAN HILL METROPOLITAN DISTRICT NO. 1

2021 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Morgan Hill Metropolitan District No. 1 (the "District") was formed to provide for the planning, design, acquisition, construction, installation, redevelopment, maintenance and financing of the public improvements for a portion of the property known as "Morgan Hill," which is located in Erie, Colorado. Such public improvements include, but are not limited to, streets, traffic and safety controls, water, storm and sanitary sewer, utilities and parks and recreation improvements.

The Service Plan, as amended in 2017, permits the District to impose a maximum mill levy on the taxable property within its boundaries as a primary source of revenue for the construction and maintenance of public improvements, repayment of debt and operational costs. The Service Plan also provides a combined total debt issuance limitation in an aggregate principal amount not to exceed \$35,000,000 for Morgan Hill Metropolitan District Nos. 1, 2 and 3.

In 2017, the Board of Directors for District No. 3 authorized the issuance of Limited Tax Revenue Bonds, Series 2018A ("Bonds") in an aggregate principal amount not to exceed \$4,000,000. A portion of the proceeds from the Bonds will be held by District No. 3 in order to fund debt service on the Bonds for a period of two years. The remainder of the proceeds will be transferred to the District in order to defray the cost of all or a portion of the public improvements within the Districts. In connection with the issuance of the Bonds, the District and District No. 2 pledged certain revenues to District No. 3 for the required debt service on the Bonds.

In 2018, District No. 3 issued Subordinate Limited Tax Revenue Notes ("Subordinate Notes") to CDG Morgan Hill, Inc. (the "Developer") in a principal amount not to exceed \$20,000,000. The Subordinate Notes are intended to memorialize the agreement of the District to repay any current and future Developer advances. The District pledged certain revenues to District No. 3 to repay amounts due under the Subordinate Notes.

The District prepares its budget on the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications and public hearing.

Revenue

Ad Valorem Property Taxes

The primary source of revenue for the District is property taxes. Property taxes are assessed and collected based upon the assessed value of all of the non-exempt property located within the District. The District adopts mill levies for debt service and for operations which, when combined with the District's other sources of revenue, provide sufficient resources to pay the required debt service, if any, capital purchases and the estimated costs of operations for the calendar year.

Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy limit increased to 55.663 mills. The District adopted a mill levy of 55.663 mills for general fund obligations in 2021.

The total taxable assessed value within the District in 2020 was \$2,801,010, a decrease of \$2,700,680 from the 2019 valuation. This decrease in valuation was due to a significant decrease in oil and gas assessments.

Specific Ownership Tax

Specific ownership tax revenue is collected on annual motor vehicle registrations within Weld County and is distributed based upon the proportion of property taxes levied within the County during the preceding calendar year. The specific ownership tax revenue is estimated to be 6.00% of the ad valorem property taxes collected in 2021.

Debt Issuance

The District plans to authorize the issuance of General Obligation Limited Tax Revenue Bonds ("Series 2021 Bonds") in the principal amount of \$4,000,000 in 2021 in order to fully refund the Series 2018A Bonds.

Expenditures

Transfers to District No. 3

The District anticipates transferring \$3,600,000 to District No. 3 in 2021 to fund the debt service requirements of the Districts.

Administrative

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years.

Capital Outlay

The District anticipates expenditures of \$497,830 to complete the remaining capital improvements within Morgan Hill Filing No. 1 in 2021.

Reserve Funds

The District has provided for an emergency reserve equal to \$465,636, which is intended for use on any unanticipated expenditures in 2021. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.