

**MORGAN HILL METROPOLITAN DISTRICT NO. 2  
GOVERNMENTAL FUND**

	2019	2020		2021 BUDGET		
	Actual Final	Original Budget	Projected Final	General Fund Budget	Debt Service Budget	Total Budget
<b>REVENUE</b>						
Taxes						
Property	\$ 1,218,876	\$ 1,855,332	\$ 1,855,332	\$ 702,507	\$ -	\$ 702,507
Specific ownership	82,540	125,235	88,064	42,150	-	42,150
TIF	-	-	-	-	-	-
Intergovernmental						
Transfers from Morgan Hill MD No. 1	3,766	5,500	11,699	15,750	-	15,750
Transfers from Morgan Hill MD No. 3	-	-	-	-	-	-
Investment income	9,930	-	13,159	-	-	-
Other	-	-	-	-	-	-
<b>Total revenue</b>	<b>\$ 1,315,112</b>	<b>\$ 1,986,067</b>	<b>\$ 1,968,255</b>	<b>\$ 760,407</b>	<b>\$ -</b>	<b>\$ 760,407</b>
<b>EXPENDITURES</b>						
Current						
County Treasurer's fees	18,283	27,830	27,952	10,538	-	10,538
Insurance	2,163	2,500	2,439	2,750	-	2,750
Accounting	-	-	1,382	3,000	-	3,000
Audit	1,550	2,000	6,825	7,500	-	7,500
Legal	-	-	-	1,500	-	1,500
Other	28	1,000	1,074	1,000	-	1,000
<b>Subtotal current</b>	<b>22,024</b>	<b>33,330</b>	<b>39,672</b>	<b>26,288</b>	<b>-</b>	<b>26,288</b>
Capital outlay						
Work in process	-	-	-	-	-	-
<b>Subtotal capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Intergovernmental						
Transfers to Morgan Hill MD No. 1	245,000	2,952,737	594,463	-	-	-
Transfers to Morgan Hill MD No. 3	-	-	-	2,000,000	-	2,000,000
<b>Subtotal intergovernmental</b>	<b>245,000</b>	<b>2,952,737</b>	<b>594,463</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Subtotal debt service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 267,024</b>	<b>\$ 2,986,067</b>	<b>\$ 634,135</b>	<b>\$ 2,026,288</b>	<b>\$ -</b>	<b>\$ 2,026,288</b>
<b>(DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ 1,048,088</b>	<b>\$ (1,000,000)</b>	<b>\$ 1,334,121</b>	<b>\$ (1,265,881)</b>	<b>\$ -</b>	<b>\$ (1,265,881)</b>
<b>OTHER FINANCING SOURCES</b>						
Debt proceeds	-	-	-	-	-	-
Developer advances received	-	-	-	-	-	-
Change in working capital	(6,549)	-	225	-	-	-
<b>Total other financing sources</b>	<b>\$ (6,549)</b>	<b>\$ -</b>	<b>\$ 225</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,041,539</b>	<b>(1,000,000)</b>	<b>1,334,345</b>	<b>(1,265,881)</b>	<b>-</b>	<b>(1,265,881)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>54,574</b>	<b>1,096,113</b>	<b>1,096,113</b>	<b>2,430,458</b>	<b>-</b>	<b>2,430,458</b>
<b>FUND BALANCE - END OF CURRENT PERIOD</b>	<b>\$ 1,096,113</b>	<b>\$ 96,113</b>	<b>\$ 2,430,458</b>	<b>\$ 1,164,578</b>	<b>\$ -</b>	<b>\$ 1,164,578</b>
	-	-	-	-	-	-

## **MORGAN HILL METROPOLITAN DISTRICT NO. 2**

### **2021 BUDGET**

#### **SUMMARY OF SIGNIFICANT ASSUMPTIONS**

##### **Services Provided**

In accordance with its Service Plan, Morgan Hill Metropolitan District No. 2 (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 were transferred to the District No. 1 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. 1 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 \$12,620,710, a decrease of \$20,710,810 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.

### **Expenditures**

#### **Transfers to District No. 3**

The District projects that it will transfer \$2,000,000 in revenue from ad valorem property taxes and specific ownership taxes 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.

### **Reserve Funds**

The District has provided for an emergency reserve equal to \$1,164,578, 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.