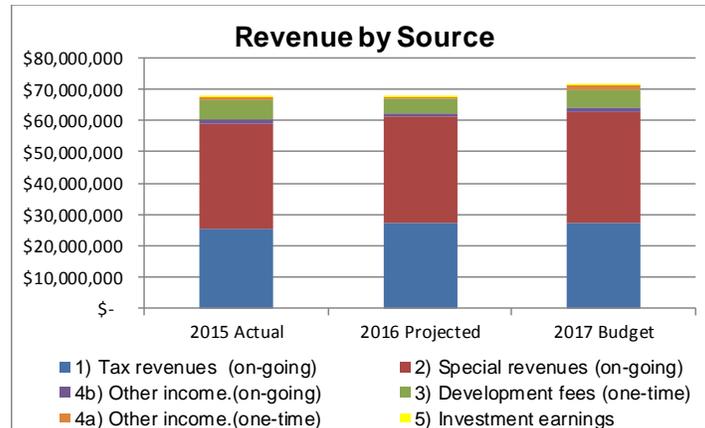




HIGHLIGHTS OF THE
PRELIMINARY 2017 BUDGET

Budget Summary

REVENUES:



	2015 Actual	2016 Projected	2017 Budget	% Change
1) Tax revenues (on-going)	\$ 25,555,782	\$ 27,484,765	\$ 27,329,783	-0.56%
2) Special revenues (on-going)	33,306,129	33,552,592	35,508,084	5.83%
3) Development fees (one-time)	6,114,964	4,562,210	5,748,830	26.01%
4a) Other income.(one-time)	584,001	549,836	1,176,220	113.92%
4b) Other income.(on-going)	1,619,239	1,302,095	1,309,970	0.60%
5) Investment earnings	275,187	503,100	435,500	-13.44%
	\$ 67,455,302	\$ 67,954,599	\$ 71,508,387	5.23%

OPERATING BUDGET:

By Object	2016	2017	INCREASE/ (DECREASE)	
	Budget	Budget	%	\$
Personal Services	\$ 6,087,560	\$ 6,368,747	4.6%	\$ 281,187
Contracted services(Fire & Emergency)	8,812,299	9,400,683	6.7%	588,384
Materials and supplies	826,180	789,015	-4.5%	(37,165)
Purchased services	1,149,204	1,108,039	-3.6%	(41,165)
Contract Maintenance	901,943	1,068,723	18.5%	166,780
Fuel and chemical products	206,000	206,000	0.0%	0
Utilities	1,375,815	1,438,815	4.6%	63,000
Subtotal	19,359,001	20,380,022	5.3%	1,021,021
Miscellaneous capital/leases	-	228,855		228,855
TOTAL	\$ 19,359,001	\$ 20,608,877	6.5%	\$ 1,249,876

Board Long Term Priorities

During a Board Visioning workshop in June 2016 the Board identified five projects for further investigation that would require capital investment.

- Fire & Emergency Service – The Board would like to improve response time. Several actions suggested in the Master Plan have already been put into place including activation in August of a peak hour medic unit at Station 18. To implement this change a medic unit was used from the reserves. In 2017 the District will purchase the new unit. Another action item in the master plan impacting the 2017 Budget necessary to achieve this goal is a new fire station in Highlands Ranch. Design for the station is anticipated in the 2017 capital budget. (\$300,000)
- Business Park Development – The Board supports the District owning and maintaining a 3 acre park in the Business Park Development. Funding for this park is included in the 2017 Conservation Trust Fund budget (\$2.0 million). The Board will be reviewing a proposed concept plan that could increase the required funding to \$3.5 million in the final budget.
- Historic Park & Outbuildings – The Board directed staff to begin a master plan three years prior to conveyance of the property from Shea Homes. At this time it is estimated that the property will not be conveyed to the District until 2026 so no funding is included in this budget.
- Senior Services – Board would like to evaluate the opportunities for seniors in Highlands Ranch to determine if the District has a role in the provision of these services. Staff will first complete a feasibility study to identify needs and recommend a solution. This budget includes \$80,000 to complete this analysis.
- Ice Arena – Board supports pursuing a partnership with South Suburban to provide build a regional ice arena. Staff has begun discussions with South Suburban. The budget does not anticipate any expenditures in 2017.

2017 Goals

In addition to the long term Board priorities the following goals were identified by staff for 2017.

- Renovation of the bowling alley at the Mansion was originally identified for 2017 as a project to be funded by Douglas County. However, after further conversations with the County this is no longer a priority.
- Parkway fence replacement program is identified in the Major Repair Fund.
- Park improvements for Northridge, Redstone Park playground, and Tanks Skate Park are all identified in the Major Repair Fund.
- A Board retreat for Priority Based Budgeting is anticipated in the Operating Budget.
- The Mansion budget includes a request for a new logo and website development.
- The Stormwater Fund capital and operations budget continues to address regulatory issues and implement the master plan.
- Staff continues to work with Douglas County and CDOT on coordination of various transportation infrastructure projects, the most significant being the C-470 corridor improvements.
- Staff recommended improvements to Johnny's Pond were deferred to 2018 due to funding constraints and other concerns.
- Staff has included in the operating budget a request to hire an outside consultant to prepare an assessment and transition plan to meet ADA federal laws.

Property taxes

1. Assessed value is up less than .6% in this non-assessment year due to new construction.
2. The SOT (funding from county collected taxes on Douglas County registered vehicles) is conservatively estimated at \$2million in 2017 down from the 2016 actuals.

General Fund (Operating)

1. The 2017 projected ending fund balance decreases \$1.9 million as we continue to target an ending fund balance of 40% of the projected following year expenditures.
2. The projected ending referenced decreased from a projected 2016 level of 73% to 62% of the projected following year expenditures.
3. \$3,500,000 is being transferred to capital projects fund to meet the future needs identified in the Board's 2016 Visioning workshop. It is anticipated that a similar amount will be transferred in 2018.

Debt Service Fund

1. As the result of the 2016 refunding of the Highlands Ranch Metropolitan District 2 and 3 Series 2005 debt we adjusted the composition of the fund balances in the Debt Service Fund.
2. The 2017 budget transfers \$1,515,000 to the Capital Project Fund in addition to the \$6,735,000 returned in 2016. These two transfers represent a return of funding previously provided by the capital projects fund.
3. The Budget shows a principal payment on the Series 2008 Bonds in 2017 that will retire all of the remaining outstanding principal for this issue. This will eliminate the 2017-2018 debt payment which has an interest rate of 4%.

Capital Projects Fund

1. System Development Fee collection for 2017 is anticipated to be up 13% or \$366,000 higher than 2016 based on planned development at the corner of Lucent Boulevard and Plaza Drive.
2. The 2017 projected ending fund balance for the Capital Projects Fund is \$21.5 million, an increase from 2016 projected ending fund balance of \$6.5 million and \$16 million more than the 2016 adopted budget. This accumulation of funds is intentional to meet the capital objectives identified at the Board's Visioning workshop.

Utility Special Revenue Fund

1. The budget continues to pass revenues collected from HRMD customers to CWSD for water and wastewater as well as collect revenues for street light operations and maintenance to pay for the residential and arterial street lighting.
2. The rates to be adopted match those recommended by CWSD and represent a 3.2% increase in the annual water bill for the average sized lot in Highlands Ranch.
3. There is no increase in the street light fee for the 4th straight year. The budget anticipated minor decreases in electrical cost due to conversion of the arterial streetlights to LED.
4. For the first time since the Districts' were consolidated the ending fund balance, \$1.8 million, is less than the next year's (2018) required reserve capacity payment of \$2,178,691. It is anticipated that the payments for various projects in the Big Idea will be sufficient to pay the 2018 obligation.

Stormwater Fund

1. An update to the master capital plan was completed in 2016. Based on the updated information staff evaluated the sufficiency of the current fee. Staff has proposed a 5% increase annually for the next four years. The 2017 budget includes this increase. The annual increase to a single family residence is \$0.66. This the first increase since the fee was implemented in 2011.

Recreation fund

1. Revenues are down in 2016. However, revision to the expenditures were not received so the transfer would indicate the need for a budget amendment.

Mansion Fund

1. The Mansion Fund continues to maintain at least a \$4million fund balance which is referred to as an endowment for the Mansion.
2. In addition, at the end of 2017 there will be a reserve of \$112,000 for periodic maintenance items. This is funded by setting aside 10% of the reservation income less any eligible expenses.

Major Repair Fund

1. Primary funding sources for the Major Repair Fund are:
 - a. Cell Site Leases \$460,000
 - b. General Fund Transfer for replacement of vehicles & equipment \$433,380
 - c. General Fund Transfer for projects \$1,042,000
 - d. General Fund Transfer for replacement of fire & emergency equipment \$194,834
2. The 2017 projected ending fund balance is \$2.3 million of which \$1.3 million is reserved by:
 - a. contract with Douglas County School District for our share of the synthetic turf field at Pronghorn Park
 - b. by Board policy for replacement of fire & emergency equipment