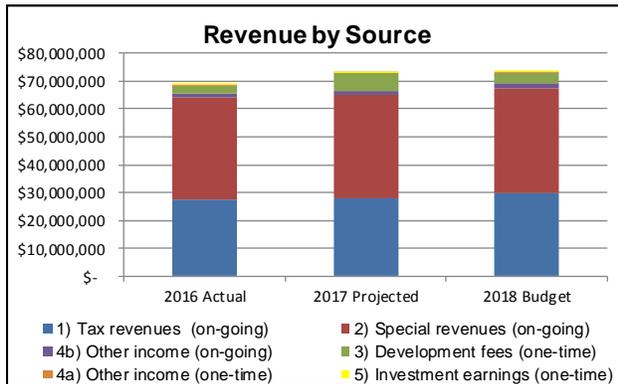




HIGHLIGHTS OF THE PROPOSED 2018 BUDGET

Revenues



- Tax revenue represents 88 percent of revenue for operations.
- Special revenues:
 - Recreation and park/shelter rental fees
 - Mansion rental fees
 - Lottery proceeds
 - Streetlight fees
 - Water and wastewater rates (pass through to Centennial Water)

Property tax revenue is anticipated to increase in 2018 by 8.9 percent, or \$2.3 million, as a result of the bi-annual reassessment of property values. Factors that impact the property tax revenues are property values, mill levy and the residential assessment ratio.

1. Property values were reassessed in 2017 for collection in 2018. Below is a summary of the actual value increases as of August 25, 2017. Some appeals are still pending and may result in a change for the final budget.

	2017 Actual	2018 Actual	Change
Residential	12,750,401,026	14,995,065,722	17.6%
Commercial	1,204,375,141	1,404,233,013	16.6%
Other	212,567,037	228,656,790	7.6%
TOTAL	14,167,343,204	16,627,955,525	17.4%

2. The mill levy assessed by the Metro District could be increased by the board of directors from 18.205 to 18.645, per the required TABOR calculation. However the proposed budget does not include this increase. It may be necessary in future years to increase the mill levy to fund fire and emergency services. Voters authorized a mill levy not to exceed 19.750 in 2006.

3. The residential assessment ratio is applied to the actual value to determine the assessed value. Property tax paid is based on the assessed value. The residential assessment ratio has been 7.96 percent since 2003. In 2017 the residential assessment ratio was reduced from 7.96 percent to 7.2 percent. Below is an illustration showing how the change impacts a typical single family property. Both A and B show a 17.6 percent increase in home value. Scenario A is with the prior residential assessment rate of 7.96 percent and B shows the change to 7.2 percent.

	Assessors Market Value	Statewide Assessment Rate	Assessed Value	HRMD Mill Levy	Taxes
January 2015 for collection 2016	\$ 350,000	7.96%	\$ 27,860	18.205	\$ 507
A. January 2017 for collection 2018	\$ 411,600	7.96%	\$ 32,763	18.205	\$ 596
					DIFFERENCE IN AMOUNT PAID TO METRO DISTRICT
					\$ 89
B. January 2017 for collection 2018	\$ 411,600	7.20%	\$ 29,635	18.205	\$ 540
					DIFFERENCE IN AMOUNT PAID TO METRO DISTRICT
					\$ 32

Board Long Term Priorities

The long standing priority for the board is improving fire and emergency services. The Metro District has contracted with the City of Littleton and Littleton Fire Protection District since 1988. In 2015 Emergency Services Consulting International (ESCI) provided a master plan which identified areas of improvement to reduce response time and increase service level. Elements of the master plan were implemented beginning in 2016 and 2017. During the 2017 budget process, the partners expressed concerns about moving forward with the remainder of the master plan, citing financial constraints.

The three partners have been approached by South Metro Fire Rescue Authority (SMFRA) to include these communities in their service area. Metro District officials and staff are evaluating this opportunity. A merger with SMFRA would provide an opportunity to improve service level and decrease response time.

Other board priorities that were identified during a board visioning workshop in June 2016 are:

- Highlands Ranch Business Park development – The board supports the Metro District owning and maintaining a 3-acre park in the Highlands Ranch Business Park development. Funding of \$3.5 million for this park was appropriated in 2017. A portion of the funding, \$2 million, is coming from Colorado Lottery proceeds. The park began construction in 2017 and will be completed in 2018.
- 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 Metro District until 2026, so no funding is included in this budget.
- Senior Services – The board requested an evaluation of the opportunities for seniors in Highlands Ranch to determine if the Metro District has a role in the provision of these services. Staff hired a consultant to complete a feasibility study to identify needs and recommend a solution. The analysis began in 2017. A report will be provided to the board in late 2017.
- Ice Arena – The board supports pursuing a partnership with South Suburban Park and Recreation District to build a regional ice arena. Staff has begun discussions with South Suburban. The budget does not anticipate any expenditures in 2018.

Operating Budget

By Object	2017	2018	INCREASE/ (DECREASE)	
	Budget	Budget	%	\$
Personal Services	\$ 6,449,247	\$ 6,444,827	-0.1%	\$ (4,420)
Contracted services(Fire & Emergency)	9,400,683	9,507,500	1.1%	106,817
Materials and supplies	789,015	768,475	-2.6%	(20,540)
Purchased services	1,113,039	1,258,384	13.1%	145,345
Contract Maintenance	1,068,723	1,007,623	-5.7%	(61,100)
Fuel and chemical products	206,000	200,000	-2.9%	(6,000)
Utilities	1,438,815	1,511,515	5.1%	72,700
Subtotal	20,465,522	20,698,324	1.1%	232,802
Miscellaneous capital/leases	228,855	155,200		(73,655)
TOTAL	\$ 20,694,377	\$ 20,853,524	0.8%	\$ 159,147

General Fund (Operating)

1. The 2018 projected ending fund balance decreases \$124,000 as we continue to target an ending fund balance of 40 percent of the projected following year expenditures.
2. The 2018 projected ending is 72 percent of the projected following year expenditures, down from 75 percent in 2017.
3. \$3,500,000 was transferred to capital projects fund in 2017 to meet the future needs identified in the board's 2016 visioning workshop. The 2018 budget anticipates an additional \$3,500,000 transferred to the capital projects fund for the same purpose.

Debt Service Fund

1. The budget shows a principal payment on the Series 2016 loan in 2018 of \$3,455,000. This issuance will retire in 2025.

Capital Projects Fund

1. System Development Fee collection for 2018 is anticipated to be up 6 percent, or \$131,000 higher than 2017 based on continued development of land at the Lucent Boulevard and Plaza Drive intersection.
2. The 2018 projected ending fund balance for the capital projects fund is \$19 million, an increase from the 2017 projected ending fund balance of \$17.9 million. 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 Metro District customers to Centennial Water & Sanitation District for water and wastewater, as well as collect revenues for streetlight operations and maintenance to pay for residential and arterial street lighting.
2. The rates to be adopted match those recommended by Centennial Water, and represent a 4.6 percent increase in the annual water bill for the average sized lot in Highlands Ranch.
3. There is no increase in the streetlight fee for the fifth straight year. The budget anticipates minor decreases in electrical costs due to conversion of the arterial streetlights to LED.
4. For the second time since the Metro Districts were consolidated, the ending fund balance, \$900,000, is less than the next year's, 2019, required reserve capacity payment of \$1,661,470. It

is anticipated that payments for various projects in Central Park will be sufficient to pay the 2019 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 proposed a 5 percent increase annually for four years, beginning in 2017. The 2018 budget includes this increase. The annual increase to a single family residence is \$0.72.

Recreation Fund

1. Revenues and expenditures are similar to 2017 budget.

Mansion Fund

1. The Mansion Fund continues to maintain at least a \$4 million fund balance, which is referred to as an endowment for the Mansion.
2. In addition, at the end of 2018 there will be a reserve of \$145,000 for periodic maintenance items. This is funded by setting aside 10 percent 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 of \$635,000
 - b. General Fund transfer of \$456,095 for replacement of vehicles & equipment
 - c. General Fund transfer of \$1,042,000 for projects
 - d. General Fund transfer of \$199,120 for replacement of fire and emergency equipment
2. The 2018 projected ending fund balance is \$2.1 million, of which \$1.5 million is reserved by:
 - a. 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 and emergency equipment