1. **What are the Metro District’s primary revenue sources?**

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4. **What is TABOR? How does it and other tax limitation measures impact revenues for the Metro District?**

5. **How much debt does the Metro District have? When will it be paid off?**

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1. **What are the primary sources of revenue?**

   ![Revenue Pie Chart]

   **2020 Proposed Budget**

   1) **Property tax revenues** derived from two sources:
   - 94 percent of the property tax revenue is derived from real and personal property located within the Metro District. The amount for each property is calculated by applying a board-approved mill levy to the property's assessed value of both real and commercial personal property as determined by the Douglas County Assessor (see below). The mill levy is capped pursuant to provisions of the Taxpayers Bill of Rights (TABOR).
   - The remaining property tax revenue is the Metro District’s proportionate share of specific ownership tax paid on vehicles in Douglas County. This share is based on a set formula.

   2) **Special revenues** are specific revenue sources restricted or committed for expenditures for specified purposes (other than debt service or general capital projects) by either board action or outside contractual arrangements. These include:
   - Water and wastewater service and usage revenues that are passed through to Centennial Water & Sanitation District for the payment of contractual obligations related to water and wastewater services
   - Stormwater management fee, which is the primary funding mechanism of the Metro District's capital improvement and miscellaneous maintenance program necessary to protect open space corridors

   ![Revenue Chart](chart.png)
from the effects of storm flows, erosion, pollutants to surface waters and other impacts of urbanization. The collected fees are used to leverage available Urban Drainage and Flood Control District funds for these capital improvements.

- **Streetlight fee**, which is assessed against residential properties for the street lights along residential streets. In other unincorporated areas this fee is included on the Xcel Energy bill, and in incorporated areas often is part of the franchise taxes on the Xcel Energy bill.
- **Funds received from the Colorado Lottery**, allocated based on population of the district, restricted for parks and open space improvements.
- **Recreation programs and park and shelter reservations and revenues** used to fund the direct and some indirect costs associated with providing these programs.
- **Highlands Ranch Mansion revenues** generated from rentals for private gatherings, which are used to fund the direct and indirect costs of maintaining the Mansion.

3) **Development fees** are fees paid by developers or homebuilders at the time of initial construction of a property to fund all of the Highlands Ranch-wide basic infrastructure necessary at ultimate build out. The development fees collected include:

- **Systems Development Fees**, which are used to fund capital outlay and/or debt service related to the construction of arterial roadways, arterial landscaping parks, fire stations, etc.
- **Tap fees** that are based on the size of the water tap connection to the utility system. These proceeds are used to fund the payment to Centennial Water and Sanitation District necessary for the Metro District to reserve capacity for its district customers in Centennial’s water and wastewater treatment systems.

4) **Intergovernmental revenues** are primarily revenues received for shared employees and services provided to Centennial Water & Sanitation District.

5) **Investment earnings** are earned by investing the Metro District’s existing fund balances and annual cash flow pursuant to the District’s conservative investment policies.

6) **Other income** includes fees from cell site leases and capital contributions received from our partners on certain capital projects.

2. **How are residential assessed values calculated?**

The determination of assessed value for a residential property is a two-step process:

- **Every two years** the Douglas County assessor’s office determines the market value for all real estate in the county as of an appraisal date set by state law. For the 2019-2020 period, the appraisal date was June 30, 2018. For every reappraisal, the assessor’s office disregards the old valuations and starts from scratch using an entirely new sales list. In other words, they aren’t allowed to adjust values up or down by a percentage, but instead have to analyze related sales for a specific time frame related to the appraisal date. In the case of the 2019-2020 period, the reappraisal was from July 1, 2016 until June 30, 2018. The assessor’s office cannot consider sales or market influences that occurred after June 30, 2018.

- **Once the assessor determines the market value** an assessment percentage is applied. This assessment percentage is established annually by the Colorado legislature and is designed to generally maintain state-wide revenue collections from residential property in a fixed relationship to nonresidential property. The formula requires that 55 percent of the statewide assessed value be generated from nonresidential property and 45 percent from residential. Because the nonresidential assessment percentage is fixed at 29 percent of residential, the assessment percentage for residential is the only variable that can change. The residential assessment rate was reduced from 7.96 percent in 2016 to 7.20 percent in 2017. It will be further reduced in the 2019-2020 period to 7.15 percent.

For more information about the 2019 reappraisal and sales of Douglas County property, please visit the Douglas County Assessor’s website at www.douglas.co.us/assessor, or call their office at 303-660-7450.
3. **What is the Metro District mill levy and how does that relate to my tax bill?**

The current mill levy for the Metro District is 11.205 mills. The following formula calculates property tax paid on a house with an assumed market value of $500,000.

\[
\text{Assessed value} = \text{market value} \times \text{assessment percentage} = 500,000 \times 0.072 = 36,000
\]

\[
\text{Property tax} = \frac{\text{assessed value} \times\text{mill levy}}{1000} = \frac{36,000 \times 11.205}{1000} = 403
\]

If that same home had a 10% increase in market value, the amount of property tax paid on that house in 2020 will be as follows if the mill levy does not change.

\[
\text{Assessed value} = 550,000 \times 0.0715 = 39,325
\]

\[
\text{Property tax} = \frac{39,325 \times 11.205}{1000} = 441
\]

Another way to consider it is, for every $100,000 of market value the homeowner will pay approximately $80 to the Metro District.

4. **What is TABOR? How do TABOR and other tax limitation measures impact revenues for the Metro District?**

In 1992, Colorado voters approved the Taxpayer’s Bill of Rights (TABOR), a constitutional amendment designed to restrain growth in government. TABOR applies to all levels of government in Colorado: state government, cities, counties, school districts and special districts. Unless otherwise suspended or eliminated by the voters, TABOR:

1) Requires voter approval in advance for any increases to the actual mill levy. The last voter approved mill levy maximum was 19.750. This maximum was reduced to 12.750 as a result of the South Metro Fire Rescue inclusion election held in May 2018.

2) Established a maximum allowable percentage increase equal to “inflation in the prior calendar year” plus accumulated “annual local growth.” For the following:
   a. Total district’s property tax revenue
   b. The “black box” that includes all district revenue sources

In 1992, the Metro District voted to suspend the requirements of Item 2 above, which is commonly referred to as being De-bruced (a phrase that refers to the author of the TABOR amendment). As a result from 1992-2006, the Metro District was only subject to the provisions of item 1. In 2006, as part of an election that consolidated several geographic-based Metro Districts, the voters approved the reinstatement of item 2a. This is one of the few, if any cases where in effect the voters of an entity have been asked to consider “Re-brucing”. Therefore, the Metro District is currently subject to limitations on the amount of property taxes than can be collected in any one year, but continues to be exempt from the restrictions on total revenue collections which include rates, fees, toll and charges.

Another limitation to the General Fund property tax revenues that can be received is the “5.5 percent” Property Tax Revenue Limit. It is called the “Annual Levy Law” [29-1-301, C.R.S.], and requires that the mill levy be lowered to limit the annual increase in General Fund tax revenues to:

- a 5.5 percent increase from the prior year
- plus an additional amount for new construction, annexations/inclusions and other new property.

Similar to the above referenced discussion on TABOR, the Metro District is not subject to this limitation as the result of the prior elections, including the 2006 consolidation election.

5. **How much debt does the Metro District have? When will it be paid off?**

As of December 31, 2018 the Metro District’s total outstanding debt was $26.3 million. The proposed 2020 budget contemplates early retirement of the outstanding debt in December 2021.