

LETTER OF BUDGET TRANSMITTAL

Date: January 29, 2024

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2024 budget and budget message for HESS RANCH METROPOLITAN DISTRICT NO. 4 in Douglas County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 15, 2023. If there are any questions on the budget, please contact:

CliftonLarsonAllen
Attn: Alex Fink
8390 E. Crescent Parkway, Suite 300
Greenwood Village, CO 80111
Tel.: 303-779-5710

I, Donald Guerra, as President of the Hess Ranch Metropolitan District No. 4, hereby certify that the attached is a true and correct copy of the 2024 budget.

By: Don Guerra

**RESOLUTION
TO ADOPT 2024 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
HESS RANCH METROPOLITAN DISTRICT NO. 4**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2024 TO HELP DEFRAID THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE HESS RANCH METROPOLITAN DISTRICT NO. 4, DOUGLAS COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2024, AND ENDING ON THE LAST DAY OF DECEMBER, 2024,

WHEREAS, the Board of Directors of the Hess Ranch Metropolitan District No. 4 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 15, 2023 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$225,77; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$0; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$1,512,782; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2023 valuation for assessment for the District as certified by the County Assessor of Arapahoe is \$20,968,920; and

WHEREAS, at an election held on November 3, 2015, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HESS RANCH METROPOLITAN DISTRICT NO. 4 OF DOUGLAS COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Hess Ranch Metropolitan District No. 4 for calendar year 2024.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2024 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2024 budget year, there is hereby levied a tax of 10.767 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2024 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2023.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2024 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 72.144 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2023.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2024 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify to the Board of County Commissioners of Douglas County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of Douglas County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

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ADOPTED this 15th day of November 2023.

HESS RANCH METROPOLITAN
DISTRICT NO. 4

Don Guerra

President

ATTEST:

Robert L. Eck II

Secretary

ATTACH COPY OF THE ADOPTED BUDGET AND
THE CERTIFICATION OF TAX LEVIES

HESS RANCH METROPOLITAN DISTRICT NO. 4

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2024

**HESS RANCH METRO DISTRICT NO. 4
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31, 2024**

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	95,054	111,902	225,772
Property taxes - Capital Pledge	541,809	637,844	1,287,031
Property taxes - Regional Infrastructure	47,528	55,951	112,876
Property taxes - Town Infrastructure	47,528	55,951	112,875
Specific ownership taxes	9,064	48,000	20,319
Specific ownership taxes - Capital Pledge	51,666	25,000	115,833
Specific ownership taxes - Regional Infrastructure	4,532	2,500	10,159
Specific ownership taxes - Town Infrastructure	4,532	2,500	10,159
Interest income	45	160	-
Other revenue	-	-	24,976
Total revenues	<u>801,758</u>	<u>939,808</u>	<u>1,920,000</u>
Total funds available	<u>801,758</u>	<u>939,808</u>	<u>1,920,000</u>
EXPENDITURES			
General Fund	104,124	159,912	250,000
Debt Service Fund	697,634	779,896	1,670,000
Total expenditures	<u>801,758</u>	<u>939,808</u>	<u>1,920,000</u>
Total expenditures and transfers out requiring appropriation	<u>801,758</u>	<u>939,808</u>	<u>1,920,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**HESS RANCH METRO DISTRICT NO. 4
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31, 2024**

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
ASSESSED VALUATION			
Residential	\$ -	\$ -	\$ 4,708,380
State assessed	-	-	700
Vacant land	10,250,110	11,190,200	15,958,300
Personal property	-	-	301,300
Other	-	40	240
	10,250,110	11,190,240	20,968,920
MILL LEVY			
General	10.000	10.000	10.767
Debt Service	67.000	67.000	66.761
Town Contribution	0.000	0.000	5.383
Total mill levy	77.000	77.000	82.911
PROPERTY TAXES			
General	\$ 102,501	\$ 111,902	\$ 225,772
Debt Service	686,757	749,746	1,399,906
Town Contribution	-	-	112,876
Budgeted property taxes	\$ 731,920	\$ 861,648	\$ 1,738,554
BUDGETED PROPERTY TAXES			
General	\$ 95,055	\$ 111,902	\$ 225,772
Debt Service	636,865	749,746	1,399,906
Town Contribution	-	-	112,876
	\$ 731,920	\$ 861,648	\$ 1,738,554

No assurance provided. See summary of significant assumptions.

**HESS RANCH METRO DISTRICT NO. 4
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31, 2024**

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	95,054	111,902	225,772
Specific ownership taxes	9,064	48,000	20,319
Interest income	6	10	-
Other revenue	-	-	3,909
Total revenues	<u>104,124</u>	<u>159,912</u>	<u>250,000</u>
Total funds available	<u>104,124</u>	<u>159,912</u>	<u>250,000</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	1,426	1,679	3,387
Contingency	-	-	3,909
Transfers to District No. 6	102,698	158,233	242,704
Total expenditures	<u>104,124</u>	<u>159,912</u>	<u>250,000</u>
Total expenditures and transfers out requiring appropriation	<u>104,124</u>	<u>159,912</u>	<u>250,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HESS RANCH METRO DISTRICT NO. 4
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31, 2024**

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes - Capital Pledge	541,809	637,844	1,287,031
Property taxes - Regional Infrastructure	47,528	55,951	112,876
Property taxes - Town Infrastructure	47,528	55,951	112,875
Specific ownership taxes - Capital Pledge	51,666	25,000	115,833
Specific ownership taxes - Regional Infrastructure	4,532	2,500	10,159
Specific ownership taxes - Town Infrastructure	4,532	2,500	10,159
Interest income	39	150	-
Other revenue	-	-	21,067
Total revenues	697,634	779,896	1,670,000
Total funds available	697,634	779,896	1,670,000
EXPENDITURES			
General and administrative			
County Treasurer's fee - Capital Pledge	8,127	9,568	19,305
County Treasurer's fee - Regional Infrastructure	713	839	1,693
County Treasurer's fee - Town Infrastructure	713	839	1,693
Contingency	-	-	21,067
Transfers to District No. 6	688,081	768,650	1,626,242
Total expenditures	697,634	779,896	1,670,000
Total expenditures and transfers out requiring appropriation	697,634	779,896	1,670,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**HESS RANCH METROPOLITAN DISTRICT NO. 4
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District is a quasi-municipal corporation and political subdivision of the State of Colorado under Title 32, Article 1 of the Colorado Revised Statutes, and was organized by order of the District Court in Douglas County on May 23, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located south of Hess Road and west of Motsenbocker Road in the Town of Parker in Douglas County, Colorado.

The District was established to provide construction, installation, financing and operation of public improvements, including street improvements, park and recreation, water, sanitation, public transportation, mosquito control, traffic and safety control, fire protection, television relay and translation, and security. Under the amended service plan, the District was organized in conjunction with four other related districts, Hess Ranch No. 5, Hess Ranch No. 6, Hess Ranch No. 7, and Hess Ranch No. 8. Hess Ranch No. 6 serves as the operating district for Hess Ranch Metropolitan Districts Nos. 4, 5, 7, and 8.

On November 3, 2015, the District's electors authorized to increase taxes \$5,000,000 annually to pay the operations and administrative costs of the District, without limitation. Debt authorization was approved in the amount of \$122,260,000 for public improvements including street improvements, park and recreation, water, sanitation, public transportation, mosquito control, traffic and safety control, fire protection, television relay and translation, and security. \$366,780,000 of debt was also authorized for the purpose of refunding debt, operations and maintenance, and intergovernmental agreements.

The Amended Service Plan dated August 5, 2019, limits the total principal amount of obligations that the Districts may have outstanding in aggregate at any one time to \$254,368,750 provided that such limitation shall not be applicable to refunding Bonds issued by any of the Districts to refund outstanding debt.

The Maximum Debt Mill Levy shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District, and shall be determined as follows: For the portion of any aggregate District Debt which exceeds 50% of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be 57.000 mills less the number of mills necessary to pay unlimited mill levy Debt. If, on or after January 1, 2019, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the mill levy to which the Mill Levy Adjustment applies may be increased or decreased to reflect such changes, such increases and decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the applicable mill levy, as adjusted for changes occurring on or after January 1, 2019, are neither diminished nor enhanced as a result of such changes.

The method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.15% from 7.20% for property tax years 2019-2020. Accordingly, the debt service mill levy cap has been adjusted upward to 57.399 from 57.000.

For the portion of any aggregate District Debt which is equal to or less than 50% of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

**HESS RANCH METROPOLITAN DISTRICT NO. 4
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided (continued)

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District’s Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The District is required to impose a maximum Required Mill Levy of 55.664 mills for collection in 2024. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount to pay the principal, premium if any, and interest on the Bonds as the same become due and payable.

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**HESS RANCH METROPOLITAN DISTRICT NO. 4
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 9% of the property taxes collected.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collection.

Transfers to Hess Ranch Metropolitan District No. 6

Pursuant to the Master Intergovernmental Agreement, Hess Ranch Metropolitan District No. 6 will provide certain operation, maintenance and administrative services benefitting the District, Hess Ranch Metropolitan District No. 5, Hess Ranch Metropolitan District No. 6, Hess Ranch Metropolitan District No. 7, and Hess Ranch Metropolitan District No. 8 (collectively, "districts"). The Districts will pay all costs of such services through the imposition of ad valorem property taxes and transferring the net tax revenues to Hess Ranch Metropolitan District No. 6.

Debt and Leases

The District has no debt and operating or capital leases.

Reserves

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to Hess Ranch Metropolitan District No. 6, which pays for all Districts' operations and maintenance costs, and which provides for the required reserve amount, an Emergency Reserve is not reflected in the District's Budget.

This information is an integral part of the accompanying budget.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO The County Commissioners of Douglas County, Colorado
 On behalf of the Hess Ranch Metro District 4
 the Board of Directors
 of the Hess Ranch Metropolitan District No. 4**

Hereby officially certifies the following mills to be levied against the taxing entity's **GROSS** assessed valuation of: **\$20,968,920** Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area the tax levies must be calculated using the NET AV. The taxing entity 's total property tax revenue will be derived from the mill levy multiplied against the **NET** assessed valuation of: **\$20,968,920**

Submitted: *Rob Lange* for budget/fiscal year 2024

PURPOSE	LEVY	REVENUE
1. General Operating Expenses	10.767 mills	\$225,772
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction	-0.000 mills	-\$0
SUBTOTAL FOR GENERAL OPERATING:	10.767 mills	\$225,772
3. General Obligation Bonds and Interest	0.000 mills	\$0
4. Contractual Obligations	72.144 mills	\$1,512,782
5. Capital Expenditures	0.000 mills	\$0
6. Refunds/Abatements	0.000 mills	\$0
7. Other	0.000 mills	\$0
8. Judgment	0.000 mills	\$0
TOTAL:	82.911 mills	\$1,738,554

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.). Use additional pages as necessary.

The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND, CONTRACT, OTHER, AND/OR JUDGMENT:

BONDS

No Bonds Available

CONTRACTS

- 1. Purpose of Contract: Public infrastructure
 Title: Intergovernmental Agreement

Date of Issue:	2020-03-13
Principal Amount:	\$0
Maturity Date:	2049-12-01
Levy:	61.378
Revenue:	\$1,287,030
2. Purpose of Contract:	Regional infrastructure
Title:	Infrastructure Capital Mill Levy
Date of Issue:	2019-08-05
Principal Amount:	\$0
Maturity Date:	
Levy:	5.383
Revenue:	\$112,876
3. Purpose of Contract:	Town Infrastructure
Title:	Town Capital and Maintenance Mill Levy
Date of Issue:	2019-08-05
Principal Amount:	\$0
Maturity Date:	
Levy:	5.383
Revenue:	\$112,876

OTHER

No Other Available

JUDGMENT

No Judgment Available

Explanation of Change:

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