

EAST CREEK METROPOLITAN DISTRICT NO.1

2022 Budget Message

Introduction

The District was formed in 2018 for the purpose of providing design, financing, acquisition, and construction, of certain infrastructure improvements. Some of these improvements will be dedicated to the City of Aurora, Arapahoe County, or such other entities as appropriate for the use and benefit of the District taxpayers and service users.

In June 2018, the District entered into a Memorandum of Understanding (the “MOU”) with East Creek Metropolitan District No. 2 (“District No. 2”). Under the MOU, the District “shall provide for the financing, construction, design, operation and maintenance of the Improvements, as well as overall administration of the Districts.” District No. 2 is to reimburse District No. 1 for all costs incurred by District No. 1 pursuant to the MOU, on an allocable basis.

The 2022 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2022 fiscal year based on available revenues.

The District’s 2021 assessed value is \$4,993,411, an increase from the prior year value of \$3,008,028. The District certified 11.132 mills in the General Fund, 55.664 mills in the Debt Service Fund and 1.113 mills for the Aurora Regional Improvement for taxes collected in the 2022 fiscal year, for a total mill levy of 67.909 mills.

The District’s Service Plan authorizes an adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2004, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The adjustment to the Maximum Debt Mill Levy is determined by the Board so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The Colorado General Assembly passed House Bill 17-1349 setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property taxes commencing on and after January 1, 2017, and House Bill 19-255 setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.2%), for property taxes commencing on and after January 1, 2019, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property. The Service Plan allows for a total mill levy imposition, as noted in the following paragraph, so the District’s revenue is neither diminished nor enhanced.

Budgetary Basis of Accounting

The District uses funds to budget and report on the financial position and results of

operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the District's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60-days of the end of the current fiscal period. Expenditures, other than the interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax, developer advances, operations and maintenance and working capital fees, and expenditures which include district administration, legal services, operations and maintenance of landscape, parks and open space, and other expenses related to statutory operations of a local government.

Debt Service Fund is used to account for property taxes and other revenues dedicated to pay the fiscal year's debt expense which includes principal payments, interest payments, and administrative costs associated with debt issues. The primary source of revenue for the Debt Service Fund comes from property taxes.

Debt

On April 16, 2019, the District issued Series 2019A general obligation bonds and 2019B subordinate general obligation limited tax bonds in the amounts of \$4,010,000 and \$584,000, respectively. Proceeds from the sale of the bonds are being used to fund a portion of the costs of acquiring, constructing and installing certain public infrastructure to serve the development and paying the costs of issuing the Bonds. The Series A bonds bear an interest rate of 5.25% and mature on December 1, 2048. Interest is payable semi-annually on June 1 and December 1, and principal is payable annually on December 1. The Series B bonds bear an interest rate of 8.00%, and are structured as "cashflow" bonds, meaning that there are no scheduled payments of principal prior to their maturity date of December 15, 2048, except to the extent there is subordinate pledged revenue available.

East Creek Metropolitan District			
Series 2019A General Obligation Bonds			
Year Ending December 31,	Principal	Interest	Total
2022	15,000	210,525	\$ 225,525
2023	40,000	209,738	\$ 249,738
2024	50,000	207,638	\$ 257,638
2025-2029	315,000	995,136	\$ 1,310,136
2030-2034	495,000	894,337	\$ 1,389,337
2035-2039	710,000	743,136	\$ 1,453,136
2040-2044	1,000,000	528,152	\$ 1,528,152
2045-2048	1,385,000	211,575	\$ 1,596,575
Total	\$ 4,010,000	\$ 4,000,237	\$ 8,010,237

Emergency Reserve

As required by the TABOR amendment to the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.

EAST CREEK METROPOLITAN DISTRICT # 1
Assessed Value, Property Tax and Mill Levy Information

2020 Actual	2021 Adopted Budget	2022 Adopted Budget
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Assessed Valuation	\$	1,534,415	\$	3,008,028	\$	4,933,411
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Mill Levy

General Fund	11.132	11.132	11.132
Debt Service Fund	55.664	55.664	55.664
Temporary Mill Levy Reduction	0.000	0.000	0.000
Aurora Regional Improvement	1.113	1.113	1.113
Refunds and Abatements	0.000	0.000	0.000

Total Mill Levy	67.909	67.909	67.909
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Property Taxes

General Fund	\$	17,081	\$	33,485	\$	54,919
Debt Service Fund		85,412		167,439		274,613
Temporary Mill Levy Reduction		-		-		-
Aurora Regional Improvement		1,708		3,348		5,491
Refunds and Abatements		-		-		-

Actual/Budgeted Property Taxes	\$	104,201	\$	204,272	\$	335,023
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EAST CREEK METROPOLITAN DISTRICT #1

GENERAL FUND 2022 Adopted Budget with 2020 Actual, 2021 Adopted Budget, and 2021 Estimated

	2020 Actual	2021 Adopted Budget	2021 Estimated	2022 Adopted Budget
Beginning Fund Balance	\$ 25,019	\$ 34,489	\$ 39,129	\$ 64,823
REVENUE				
Property Tax Revenue	17,081	33,485	33,485	54,919
Specific Ownership Taxes	1,210	2,009	2,009	3,295
Operations & Maintenance Fee	65,418	85,210	105,840	112,560
ARI Fees	1,829	3,348	3,348	5,491
Working Capital Fee	32,700	-	1,500	-
Interest Income	4	10	-	-
Miscellaneous Income	2,000	500	550	-
Total Revenue	120,242	124,562	146,732	176,265
Total Funds Available	145,261	159,051	185,861	241,088
EXPENDITURES				
Accounting	14,644	10,000	14,000	14,000
Audit	6,252	5,000	4,800	5,250
Election	1,872	-	-	25,000
Insurance/SDA Dues	3,706	4,250	4,671	5,250
Legal	10,374	15,000	15,000	16,000
Management	20,042	15,000	17,000	17,000
Miscellaneous	5,816	2,000	3,000	2,000
Treasurer's Fees	282	502	502	824
Covenant Control / Community Management	16,096	14,345	7,500	15,250
Drainage	-	2,000	2,000	2,000
Billing & Collection	8,015	8,000	5,000	8,000
Landscaping	9,035	28,480	28,480	25,080
Snow Removal	-	-	-	10,000
Fencing	-	1,500	-	1,500
Trash & Recycling	14,434	7,500	28,000	28,900
Park	-	5,000	-	5,000
Utilities	-	7,500	-	7,500
Monuments	-	1,000	-	1,000
Mailboxes	-	750	-	750
Contingency	-	3,000	-	10,000
Covenant Enforcement - Legal	-	2,500	-	2,500
Total Expenditures	110,568	133,327	129,953	202,804
Transfers and Other Uses				
Emergency Reserve	-	1,005	-	1,648
ARI Fees	1,829	3,348	1,708	5,491
Transfer from District 2	6,265	3,030	8,915	11,388
Total Expenditures Requiring Appropriation	112,397	134,332	129,953	204,451
Ending Funds Available	\$ 39,129	\$ 24,401	\$ 64,823	\$ 48,024

EAST CREEK METROPOLITAN DISTRICT #1

DEBT SERVICE FUND 2022 Adopted Budget with 2020 Actual, 2021 Adopted Budget, and 2021 Estimated

	2020 Actual	2021 Adopted Budget	2021 Estimated	2022 Adopted Budget
Beginning Fund Balance	\$ 656,121	\$ 549,334	\$ 532,899	\$ 489,526
Revenue				
Property Taxes	85,412	167,439	167,439	274,613
Specific Ownership Taxes	6,053	10,046	9,500	16,477
Interest Income	4,607	2,500	225	2,500
Total Revenue	96,072	179,985	177,164	293,590
Total Funds Available	752,193	729,319	710,063	783,116
Expenditures				
Bond Interest	210,525	210,525	210,525	210,525
Bond Principal	-	-	-	15,000
Trustee Fees	7,488	7,500	7,500	7,500
Treasurer's Fees	1,281	2,512	2,512	4,119
Total Expenditures	219,294	220,537	220,537	237,144
Transfers and Other Sources (Uses)				
Transfer from District #2	15,370	26,780	26,743	35,174
Total Expenditures Requiring Appropriation	219,294	220,537	220,537	237,144
Ending Funds Available	\$ 532,899	\$ 535,562	\$ 489,526	\$ 581,146

EAST CREEK METROPOLITAN DISTRICT #1

**CAPITAL PROJECTS FUND
2022 Adopted Budget
with 2020 Actual, 2021 Adopted Budget, and 2021 Estimated**

	2020 Actual	2021 Adopted Budget	2021 Estimated	2022 Adopted Budget
Beginning Fund Balance	\$ 467,615	\$ 470,670	\$ 470,670	\$ -
Revenue				
Interest Income	3,413	\$ 4,330	200	-
Transfer from Debt Service Fund	-	\$ -	-	-
Total Revenue	3,413	4,330	200	-
Total Funds Available	471,028	475,000	470,870	-
Expenditures				
Miscellaneous	358	100	100	-
Developer Reimbursement	-	454,519	450,389	-
Transfer to Debt Service Fund	-	20,381	20,381	-
Total Expenditures	358	475,000	470,870	-
Total Expenditures Requiring Appropriation	358	475,000	470,870	-
Ending Funds Available	\$ 470,670	\$ -	\$ -	\$ -