

EAST CREEK METROPOLITAN DISTRICT NO.1

2020 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 2020 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2020 fiscal year based on available revenues.

The District’s assessed value is \$1,534,415. 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 2020 fiscal year.

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 16, 2058, except to the extent there is subordinate pledged revenue available.

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 No. 1
Assessed Value, Property Tax and Mill Levy Information

2018	2019	2020
Actual	Adopted Budget	Adopted Budget

Assessed Valuation	\$	-	\$	480,625	\$	1,534,415
Mill Levy						
General Fund		0.000		65.277		11.132
Debt Service Fund		0.000		0.000		55.664
Temporary Mill Levy Reduction		0.000		0.000		0.000
Aurora Regional Improvement		0.000		0.000		1.113
Refunds and Abatements		0.000		0.000		0.000
Total Mill Levy		0.000		65.277		67.909
Property Taxes						
General Fund	\$	-	\$	31,374	\$	17,081
Debt Service Fund	\$	-	\$	-	\$	85,412
Temporary Mill Levy Reduction	\$	-	\$	-	\$	-
Aurora Regional Improvement	\$	-	\$	-	\$	1,708
Refunds and Abatements	\$	-	\$	-	\$	-
Actual/Budgeted Property Taxes	\$	-	\$	31,374	\$	104,201

EAST CREEK METROPOLITAN DISTRICT NO. 1
Budget
General Fund
2020 Adopted Budget
With 2018 Actual and 2019 Estimated

	2018 Actual	2019 Estimated	2020 Adopted
Beginning Funds Available	\$ -	\$ (1,361)	\$ 14,994
Revenue			
Property Taxes	-	31,374	17,081
Specific Ownership Taxes	-	2,400	1,025
Developer Advance	17,596	71,372	48,120
O&M Fees	-	4,410	60,000
ARI fees	-	4,410	1,708
Miscellaneous Income	-	29	-
Total Revenue	<u>17,596</u>	<u>113,995</u>	<u>127,934</u>
Total Funds Available	<u><u>17,596</u></u>	<u><u>112,634</u></u>	<u><u>142,928</u></u>
Expenditures			
Audit/Exemption	-	42	5,000
Election	-	28	1,500
Insurance/SDA Dues	441	1,675	3,500
Accounting	1,680	9,000	8,000
Legal	8,287	15,000	15,000
Management	8,092	16,000	15,000
Miscellaneous	457	5,000	3,000
Contingency	-	-	3,000
Treasurer's Fees	-	471	256
Covenant Control/Community Management	-	14,345	14,345
Drainage	-	2,000	2,000
Landscaping	-	28,480	28,480
Fencing	-	1,500	1,500
Park	-	4,680	4,680
Trash and Recycling	-	200	200
Utilities	-	200	7,500
Monuments	-	-	1,000
Mailboxes	-	-	750
Billing & Collections	-	-	7,200
Covenant Enforcement - Legal	-	-	2,500
Total Expenditures	<u>18,957</u>	<u>98,621</u>	<u>124,411</u>
Transfers and Other Uses			
Emergency Reserve	-	-	3,838
ARI Fees	-	-	1,708
Transfer from District No. 2	-	981	5,122
Total Expenditures Requiring Appropriation	<u>18,957</u>	<u>98,621</u>	<u>129,957</u>
Ending Funds Available	<u><u>\$ (1,361)</u></u>	<u><u>\$ 14,994</u></u>	<u><u>\$ 18,093</u></u>

EAST CREEK METROPOLITAN DISTRICT NO. 1
Budget
Debt Service Fund
2020 Adopted Budget
With 2018 Actual and 2019 Estimated

	2018 Actual	2019 Estimated	2020 Adopted
Beginning Funds Available	\$ -	\$ -	\$ 662,009
Revenue			
Property Taxes	-	-	85,412
Specific Ownership Taxes	-	-	5,125
Bond Proceeds 2019A	-	4,010,000	-
Bond Proceeds 2019A	-	584,000	-
Interest Income	-	11,500	4,000
Total Revenue	<u>-</u>	<u>4,605,500</u>	<u>94,537</u>
Total Funds Available	<u><u>-</u></u>	<u><u>4,605,500</u></u>	<u><u>756,546</u></u>
Expenditures			
Bond Principal	-	-	-
Bond Interest	-	131,579	105,263
Bond Discount 2019A	-	80,200	-
Bond Discount 2019B	-	17,520	-
Bond Issuance Costs	-	186,091	-
Paying Agent Fees	-	9,000	1,500
Miscellaneous Fees	-	741	-
Treasurer's Fees	-	-	1,281
Total Expenditures	<u>-</u>	<u>425,131</u>	<u>108,044</u>
Transfers and Other Uses			
Transfer to Capital Projects Fund	-	3,518,360	-
Transfer from District No. 2	-	-	15,369
Total Expenditures Requiring Appropriation	<u>-</u>	<u>3,943,491</u>	<u>108,044</u>
Ending Funds Available	<u><u>\$ -</u></u>	<u><u>\$ 662,009</u></u>	<u><u>\$ 663,871</u></u>

EAST CREEK METROPOLITAN DISTRICT NO. 1

Budget

Capital Projects Fund

2020 Adopted Budget

With 2018 Actual and 2019 Estimated

	2018 Actual	2019 Estimated	2020 Adopted
Beginning Funds Available	\$ -	\$ -	\$ 468,000
Revenue			
Transfer from Debt Service Fund	-	3,518,360	-
Interest Income	-	7,700	1,000
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Total Revenue	-	3,526,060	1,000
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Total Funds Available	<u>-</u>	<u>3,526,060</u>	<u>469,000</u>
Expenditures			
Construction - Parks & Rec	-	3,057,360	-
Miscellaneous	-	700	469,000
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Total Expenditures	-	3,058,060	469,000
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Total Expenditures Requiring Appropriation	-	3,058,060	469,000
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Ending Funds Available	<u>\$ -</u>	<u>\$ 468,000</u>	<u>\$ -</u>