

EASTPARK 70 METROPOLITAN DISTRICT

2020 Budget Message

Introduction

The District was formed in November 2004 for the primary purpose of financing the construction of certain infrastructure including street and drainage improvements, safety protection, water, sanitary sewer and landscaping improvements. When appropriate, these improvements have been dedicated to the City of Aurora, or such other entities as appropriate for the use and benefit of the District taxpayers and service users.

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. This budget provides for the general operation of the District, debt service and participation in regional improvements as a member of the Aurora Regional Transportation Authority. The funding for general operations is dependent upon advances from the developer.

The District's 2019 assessed value is \$12,845,690, a 13.6% increase from \$11,095,160 last year. The District's certified mill levy was increased to 38.000 mills for taxes to be collected in fiscal year 2020, with 2.000 mills certified in the General Fund, 35.000 mills certified in the Debt Service Fund and an additional 1.000 mills certified in the Debt Service Fund designated to the Aurora Regional Transportation Authority ("ARTA").

Budgetary Basis of Accounting

The District uses Fund accounting to budget and report on its financial position and results of its 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 and expenditures which include district administration, legal services, and other expenses related to statutory operations of a local government. The General Fund's primary source of revenue is from property tax collections and developer advances, in accordance with the Operation Funding Agreement between the Developer and the District.

The **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 obligations. The Debt Service Fund's primary source of revenue is from property and specific ownership tax collections. The District satisfies its annual ARTA obligation through the Debt Service Fund. Starting in 2010, the District has been unable to make full principal and interest payments on the Series 2005 Bonds. Below is a consolidated summary of the District's long-term debt.

Summary of Debt Outstanding

East Park 70 Metropolitan District

Bonds Principal and Interest Maturing in the Year Ending December 31,	\$5,762,004 Series 2005 General Obligation Bonds (Limited Tax Convertible to Unlimited Tax) Capital Appreciation Bonds converting 12/1/09 to \$8,380,000			
	Principal	Interest	Accretion	Total
2020	154,708	640,400	70,292	865,400
2021	165,022	622,400	74,978	862,400
2022	192,525	603,200	87,475	883,200
2023-2027	1,289,231	2,634,000	585,769	4,509,000
2028-2032	2,079,960	1,712,800	945,040	4,737,800
2033-2034	1,127,648	315,200	512,352	1,955,200
Total	<u>5,009,093</u>	<u>6,528,000</u>	<u>2,275,907</u>	<u>13,813,000</u>

*As of 12/31/2019, Unpaid Interest equals \$7,555,354.24. Due to compounding, actual interest due is subject to review by Bond Counsel. Unpaid Principal is \$8,380,000 as per Bond Schedule.

Emergency Reserve

As required under Article X, Section 20 of 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.

EASTPARK 70 METROPOLITAN DISTRICT
Assessed Value, Property Tax and Mill Levy Information

	2018 Actual	2019 Adopted Budget	2020 Adopted Budget
Assessed Valuation	\$ 8,175,460	\$ 11,095,160	\$ 12,845,690
Mill Levy			
General Fund	2.000	2.000	2.000
Debt Service Fund	30.000	30.000	35.000
Aurora Regional Transportation	1.000	1.000	1.000
Total Mill Levy	<u>33.000</u>	<u>33.000</u>	<u>38.000</u>
Property Taxes			
General Fund	\$ 16,351	\$ 22,190	\$ 25,691
Debt Service Fund	245,264	332,855	449,599
Aurora Regional Transportation	8,175	11,095	12,846
Actual/Budgeted Property Taxes	<u>\$ 269,790</u>	<u>\$ 366,140</u>	<u>\$ 488,136</u>

EASTPARK 70 METROPOLITAN DISTRICT

GENERAL FUND

2020 Adopted Budget

with 2018 Actual, 2019 Adopted Budget, and 2019 Estimated

	2018 Actual	2019 Adopted Budget	2019 Estimated	2020 Adopted Budget
BEGINNING FUND BALANCE	\$ 6,933	\$ 13,300	\$ 19,960	\$ 9,292
REVENUE				
Property Tax Revenue	16,351	22,190	22,190	25,691
Developer Advance	13,818	-	-	-
Interest Income	282	10	475	10
Transfer from Debt Service (ARTA)	1,781	-	-	-
Total Revenue	32,232	22,200	22,665	25,701
Total Funds Available	39,165	35,500	42,625	34,993
EXPENDITURES				
Accounting	7,220	7,000	7,000	8,000
Audit	123	500	500	500
Election	925	-	-	1,000
Insurance/SDA Dues	2,992	3,500	3,500	3,500
Legal	2,624	5,500	5,500	6,000
Management	4,904	6,000	6,000	6,000
Miscellaneous	416	500	500	500
Treasurer's Fees	-	333	333	385
Total Expenditures	19,204	23,333	23,333	25,885
Transfers and Other Uses				
Emergency Reserve	-	666	-	771
Transfer to Debt Service	-	-	10,000	-
Total Expenditures Requiring Appropriation	19,204	23,999	33,333	26,656
ENDING FUND BALANCE	\$ 19,960	\$ 11,501	\$ 9,292	\$ 8,337

NOTES TO GENERAL FUND

* Prior to 2018, ARTA Mill Levy funds were received into the District's Debt Service Fund, and transferred into the District's General Fund for transfer to ARTA. Beginning in 2018, ARTA Mill Levy funds were received into, and transferred to ARTA from, the District's Debt Service Fund.

2020 Adopted Budget
with 2018 Actual, 2019 Adopted Budget, and 2019 Estimated

	2018 Actual	2019 Adopted Budget	2019 Estimated	2020 Adopted Budget
BEGINNING FUND BALANCE	\$ 3,661	\$ -	\$ 9,384	\$ 10,433
REVENUE				
Property Tax Revenue	245,264	332,855	332,855	449,599
Property Tax Revenue-ARTA	8,175	11,095	11,095	12,846
Specific Ownership Tax	22,334	19,971	19,971	23,000
Interest Income	1,888	150	1,200	600
Transfer from General Fund	-	-	10,000	-
Total Revenue	277,662	364,071	375,121	486,045
Total Funds Available	281,323	364,071	384,505	496,478
EXPENDITURES				
Bond Principal	-	-	-	-
Bond Interest	258,031	347,793	358,000	460,000
Paying Agent Fees	150	150	150	150
Treasurer's Fees	3,802	5,200	4,993	6,744
ARTA Expense	8,175	10,929	10,929	12,653
Transfer to General Fund *	1,781	-	-	-
Total Expenditures	271,939	364,072	374,072	492,201
Total Expenditures Requiring Appropriation	271,939	364,072	374,072	492,201
ENDING FUND BALANCE	\$ 9,384	\$ -	\$ 10,433	\$ 4,278

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