

WESTCREEK METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2022

**WESTCREEK METROPOLITAN DISTRICT NO. 1
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|-------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES | \$ 345,758 | \$ 310,925 | \$ 272,759 |
| REVENUES | | | |
| Property taxes | 35,771 | 118,545 | 213,815 |
| Specific ownership tax | 3,086 | 11,800 | 17,105 |
| Interest income | 2,150 | 300 | 197 |
| Other Income | - | 8,189 | 5,000 |
| Total revenues | <u>41,007</u> | <u>138,834</u> | <u>236,117</u> |
| TRANSFERS IN | <u>-</u> | <u>-</u> | <u>150,000</u> |
| Total funds available | <u>386,765</u> | <u>449,759</u> | <u>658,876</u> |
| EXPENDITURES | | | |
| General Fund | 42,183 | 57,000 | 35,704 |
| Debt Service Fund | 33,657 | 120,000 | 202,935 |
| Capital Projects Fund | - | - | 150,000 |
| Total expenditures | <u>75,840</u> | <u>177,000</u> | <u>388,639</u> |
| TRANSFERS OUT | <u>-</u> | <u>-</u> | <u>150,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>75,840</u> | <u>177,000</u> | <u>538,639</u> |
| ENDING FUND BALANCES | <u>\$ 310,925</u> | <u>\$ 272,759</u> | <u>\$ 120,237</u> |
| EMERGENCY RESERVE | <u>\$ 300</u> | <u>\$ 600</u> | <u>\$ 1,100</u> |
| TOTAL RESERVE | <u>\$ 300</u> | <u>\$ 600</u> | <u>\$ 1,100</u> |

No assurance provided. See summary of significant assumptions.

WESTCREEK METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

12/1/21

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|--------------------------------|-------------------|---------------------|---------------------|
| ASSESSED VALUATION | | | |
| Residential | \$ 193,880 | \$ 2,599,760 | \$ 4,890,810 |
| Commercial | 364,500 | 441,890 | 595,670 |
| State assessed | 100 | 200 | 400 |
| Vacant land | 359,550 | 490 | 490 |
| Certified Assessed Value | \$ 918,030 | \$ 3,042,340 | \$ 5,487,370 |
| MILL LEVY | | | |
| General | 5.566 | 5.566 | 5.566 |
| Debt Service | 33.399 | 33.399 | 33.399 |
| Total mill levy | 38.965 | 38.965 | 38.965 |
| PROPERTY TAXES | | | |
| General | \$ 5,110 | \$ 16,934 | \$ 30,542 |
| Debt Service | 30,661 | 101,611 | 183,273 |
| Levied property taxes | 35,771 | 118,545 | 213,815 |
| Budgeted property taxes | \$ 35,771 | \$ 118,545 | \$ 213,815 |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ 5,110 | \$ 16,934 | \$ 30,542 |
| Debt Service | 30,661 | 101,611 | 183,273 |
| | \$ 35,771 | \$ 118,545 | \$ 213,815 |

No assurance provided. See summary of significant assumptions.

**WESTCREEK METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|-------------------|-------------------|-------------------|
| BEGINNING FUND BALANCE | 345,758 | \$ 310,925 | \$ 272,759 |
| REVENUES | | | |
| Property taxes | 5,110 | 16,934 | 30,542 |
| Specific ownership tax | 441 | 1,700 | 2,443 |
| Interest income | 1,799 | 200 | 197 |
| Total revenues | <u>7,350</u> | <u>18,834</u> | <u>33,182</u> |
| Total funds available | <u>353,108</u> | <u>329,759</u> | <u>305,941</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 14,669 | 15,000 | 20,000 |
| Auditing | 3,788 | - | - |
| County Treasurer's fee | 78 | 254 | 458 |
| Dues and licenses | 463 | 530 | 600 |
| Insurance and bonds | 2,757 | 2,563 | 2,900 |
| Legal services | 4,369 | 5,000 | 7,000 |
| Election expense | 880 | - | 2,500 |
| Transfer to District No. 2 | 14,106 | - | - |
| Contingency | - | 3,854 | 2,246 |
| Public improvement | | | |
| Monument | 1,073 | 29,799 | - |
| Total expenditures | <u>42,183</u> | <u>57,000</u> | <u>35,704</u> |
| TRANSFERS OUT | | | |
| Transfers to other fund | <u>-</u> | <u>-</u> | <u>150,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>42,183</u> | <u>57,000</u> | <u>185,704</u> |
| ENDING FUND BALANCE | <u>\$ 310,925</u> | <u>\$ 272,759</u> | <u>\$ 120,237</u> |
| EMERGENCY RESERVE | <u>\$ 300</u> | <u>\$ 600</u> | <u>\$ 1,100</u> |
| TOTAL RESERVE | <u>\$ 300</u> | <u>\$ 600</u> | <u>\$ 1,100</u> |

No assurance provided. See summary of significant assumptions.

**WESTCREEK METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | 30,661 | 101,611 | 183,273 |
| Specific ownership tax | 2,645 | 10,100 | 14,662 |
| Other Income | - | 8,189 | 5,000 |
| Interest income | 351 | 100 | - |
| Total revenues | 33,657 | 120,000 | 202,935 |
| Total funds available | 33,657 | 120,000 | 202,935 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | 464 | 1,524 | 2,749 |
| Transfer to District No. 2 | 33,193 | 110,287 | 195,186 |
| Contingency | - | 8,189 | 5,000 |
| Total expenditures | 33,657 | 120,000 | 202,935 |
| Total expenditures and transfers out requiring appropriation | 33,657 | 120,000 | 202,935 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ - |

No assurance provided. See summary of significant assumptions.

**WESTCREEK METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Transfer from Westcreek MD No. 2 | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>-</u> | <u>-</u> | <u>150,000</u> |
| Total funds available | <u>-</u> | <u>-</u> | <u>150,000</u> |
| EXPENDITURES | | | |
| Capital Projects | | | |
| Repay developer advance - Interest | <u>-</u> | <u>-</u> | <u>150,000</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>150,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>-</u> | <u>-</u> | <u>150,000</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

WESTCREEK METROPOLITAN DISTRICT NO. 1
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District was organized by Court Order dated January 9, 2007, to provide financing for the planning, design, acquisition, construction, installation, relocation, and redevelopment of all powers of a metropolitan district as described in Colorado statutes and the Colorado Constitution except for certain limitations which have been placed upon fire protection and television relay and translation within the District's Service Plan. The District was organized in conjunction with Westcreek Metropolitan District No. 2 (District No. 2) (collectively the "Districts"). The District's service area is located entirely within the Town of Parker in Douglas County, Colorado.

On November 7, 2006, District voters approved authorization to increase property tax up to \$100,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District and \$1,000,000, annually for intergovernmental agreements. Debt authorization was approved in the amount of \$36,000,000 for the above listed facilities, \$6,000,000 for refunding debt, and \$6,000,000 for the cost of operating and maintaining the District's systems. Additionally, amounts were authorized for intergovernmental contracts of \$6,000,000. The election also provided for intergovernmental agreements as multi-fiscal year obligations and allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law. Additionally, on November 4, 2008, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$105,000,000. This includes an additional \$15,000,000 each for streets, parks and recreation, water facilities, sanitation systems, transportation systems, safety protection and operation and maintenance. Debt authorization was also increased to \$15,000,000 for refunding debt as well as \$15,000,000 for intergovernmental agreements. However, within the service plan for the District, the total debt that the District is permitted to issue shall not exceed \$5,900,000. The service plan defines District debt to mean bonds or other obligations for the payment of which the District has promised to impose an ad valorem property tax mill levy. The service plan also limits the mill levy to 35 mills less the number of mills necessary to pay operations and maintenance expenses and less the number of mills necessary to pay unlimited mill levy debt.

The District approved the first amendment to the service plan and the first amendment to the Intergovernmental Agreement with the Town of Parker on January 24, 2011. According to the amended service plan, the District's debt is limited to an Intergovernmental Agreement with District No. 2 whereby the District pledges its mill levy and other revenue sources for the payment of District No. 2's debt. The total aggregate principal amount of debt permitted between the Districts shall not exceed \$7,800,000. Additionally, the service plan amendment for the District states that in no event shall any inclusions of property into or out of the District or District No. 2 result in the imposition of a maximum debt mill levy in excess of 35 mills on residential property and 50 mills on commercial property, as adjusted for changes in the residential assessment rate. With the exception of one parcel of land, the District will be solely residential. District No. 2 will comprise the remainder of the development and will be solely commercial.

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

WESTCREEK METROPOLITAN DISTRICT NO. 1
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided - continued

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 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.

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 8% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.10%.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, and meeting expense.

**WESTCREEK METROPOLITAN DISTRICT NO. 1
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The District's only debt is developer advances, which are not G.O. debt. On January 18, 2007, the District entered into a Financing and Reimbursement Agreement with BCP - Midtown Investments I, LLC (the Developer) to repay advances made by the Developer for costs related to construction of District facilities and operation of such facilities. The District agreed to repay the Developer for such advances plus accrued interest at a rate of 8% simple interest per annum for all advances. As of December 31, 2020, outstanding advances under the agreement totaled \$5,274,887 and accrued interest totaled \$3,308,533. Repayment is anticipated to come from the proceeds of the General Operations mill levy or future bond proceeds of the District or future bond proceeds of District No. 2. During 2012, Vectra Bank Colorado N.A. (Vectra) assumed the role of developer from BCP - Midtown Investments I, LLC. During 2014, Westcreek Metro District Holdings, LLC (WCMDLLC) assumed the role of Developer from Vectra.

On December 20, 2012, the District and District No. 2 entered into a financing and reimbursement agreement with Vectra to repay advances made by Vectra for costs related to the operations and capital construction costs of the Districts. The Districts agreed to repay Vectra for such advances plus accrued interest at a rate of 8% single interest per annum. During 2014, the Vectra agreement was assigned to WCMDLLC. As of December 31, 2019, all outstanding operations advances under the agreement have been paid off.

The obligations under these reimbursement agreements are subject to availability and annual appropriation if and when eligible funds become available. Therefore, they are not considered "debt" within the meaning of the State Constitution.

Pursuant to a Senior Capital Pledge Agreement, the District will transfer property taxes, net of fees, derived from the debt service mill levy, together with specific ownership taxes, to Westcreek Metropolitan District No. 2 (District No. 2) to pay for the principal and interest on bonds issued by District No. 2 in 2019.

The District has no operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2022, defined under TABOR.

This information is an integral part of the accompanying budget.

**Westcreek MD No. 1
Schedule of Developer Advances**

| | Balance at December 31, 2020 | Additions* | Payments* | Balance at December 31, 2021* |
|------------------------------|--|-------------------|-------------------|--|
| Developer advance payable | \$ 1,123,246 | \$ - | \$ - | \$ 1,123,246 |
| Accrued interest on advances | 722,871 | 89,860 | - | 812,731 |
| | <u>\$ 1,846,117</u> | <u>\$ 89,860</u> | <u>\$ -</u> | <u>\$ 1,935,977</u> |
| | | | | |
| | Balance at December 31, 2021* | Additions* | Payments* | Balance at December 31, 2022* |
| Developer advance payable | \$ 1,123,246 | \$ - | \$ - | \$ 1,123,246 |
| Accrued interest on advances | 812,731 | 89,860 | 150,000 | 752,591 |
| | <u>\$ 1,935,977</u> | <u>\$ 89,860</u> | <u>\$ 150,000</u> | <u>\$ 1,875,837</u> |

*Estimated amounts

No assurance provided. See summary of significant assumptions.