

Sterling Ranch Metropolitan District No. 1

2022 Budget Budget Message/Summary of Assumptions

Attached is a copy of the forecasted budget of revenue, expenditures and fund balances for the 2022 budget for the Sterling Ranch Metropolitan District No. 1 (the District).

The District has adopted a General Fund for general operating expenses.

The budget utilizes the modified accrual basis of accounting and has been adopted after proper notification and a public hearing thereon.

Services Provided

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for El Paso County, and recorded on March 7, 2011. The District operates under a Consolidated Service Plan with Sterling Ranch Metropolitan District Nos. 2 and 3.

The District was organized to provide financing, acquisition, construction and installation of public infrastructure as contemplated in the Consolidated Service Plan to support the needs of development within its boundaries and District Nos. 2 and 3.

Revenue

The District is still in the development stage. Although there has not been any home building activity through 2021, it is anticipated that home building will begin in 2022, to include a few high density projects to begin in mid to late summer 2022. The operating and administrative expenditures for 2022 are expected to be funded by a portion of the property taxes and developer advances. A portion of the interest payments due in 2022 may be funded by district impact fees which will be collected upon anticipated building permits to be issued in the district. Developer expenditures benefiting the District (“advances”) are recorded as revenue for budget purposes with an obligation for future repayments when the District is financially able to make reimbursements. The District has levied property taxes for 2022 collection with a proposed assessed valuation of \$241,170 and a total mill levy of 55.663 mills.

Expenditures

Administrative expenses have been estimated based upon the expenditures actually incurred by the district in 2021 adjusted for anticipated increases required for management and legal services to be provided to the district. Estimates for insurance, audit and other expenses are based on actual anticipated expenses where possible.

Sterling Ranch Metropolitan District #1 - General Fund

Description	2020 Actual	2021 Budget	2021 Actual Jan - Sep	2021 Amended	2022 Proposed
General Fund Beginning Balance	\$ 263.12				
INCOME					
D1 - Property Taxes	722.96	1,200.00	662.73	723.45	2,684.22
D1 - Specific Ownership Tax	78.59	100.00	56.82	57.00	-
D1 - Delinquent Tax and Interest	21.62				
Interest Income	1.60				
Water and Wastewater					
Developer Advance	8,500.00	35,000.00	62,822.50	70,395.00	126,000.00
Total Income	9,324.77	36,300.00	63,542.05	71,175.45	128,684.22
EXPENSES					
Audit/Accounting	1,500.00	1,500.00	12,250.00	12,250.00	12,250.00
Bank Service Charges	33.00	35.00	87.50	100.00	100.00
Dues and Subscriptions (Agency fee)	1,756.51	800.00	495.00	495.00	495.00
Special District Assoc dues			344.76	344.76	350.00
Insurance Expense	2,838.00	3,500.00	-		2,838.00
Legal Expense	2,748.35	20,000.00	39,515.77	45,000.00	75,000.00
Management Fees		5,000.00	6,000.00	10,500.00	30,000.00
Miscellaneous - website development			-		3,000.00
Office/Postage			210.00	400.00	500.00
Water and Wastewater Operations					
Trustee Fee		3,500.00	-		-
Treasurer's Collection Fees	11.17	17.00	9.92	10.00	40.26
Emergency Reserve 3%	-	1,030.56	-	2,073.00	3,737.00
Total Expenses	8,887.03	35,382.56	58,912.95	71,172.76	128,310.26
Net Income/(Loss)	\$ 437.74	\$ 917.44	\$ 4,629.10	\$ 2.69	\$ 373.96
General Fund Ending Balance	\$ 700.86				
<i>Assessed Valuation District 1</i>	\$ 64,940.00	\$ 65,000.00	\$ 65,000.00	\$ 65,000.00	\$ 241,170.00
<i>Mill Levy</i>	11.133	11.133	11.133	11.133	11.133

Sterling Ranch Metropolitan District #1 - Debt Service Fund

Description	2020 Actual	2021 Budget	2021 Actual Jan -Sep	2021 Amended	2022 Proposed
Debt Service Fund Beginning Balance	\$ 1,817.64	5,295,039.06	5,295,039.06	5,295,039.06	4,152,697.35
INCOME					
D1 - Property Taxes	2,891.81	6,000.00	2,682.89	2,894.45	10,739.30
D1 - Specific Ownerhip Tax	314.31	500.00	227.25	250.00	-
D1 - Delinquent Tax and Interest	86.51				
District Impact Fees					280,000.00
Transfer from Capital Project Fund	5,289,706.28				
Interest Income	267.19	3,000.00	1,608.10	1,800.00	1,608.10
Total Income	5,293,266.10	9,500.00	4,518.24	4,944.45	292,347.40
EXPENSES					
Bank Charges			251.40	350.00	350.00
Treasurer's Collection Fees	44.68	84.50	39.79	60.00	161.09
Interest Payment		1,146,568.76	479,284.37	1,146,568.76	1,146,568.76
Emergency Reserve					
Total Expenses	44.68	1,146,653.26	479,575.56	1,146,978.76	1,147,079.85
Restricted Balance for Debt Service	\$ 5,293,221.42	\$ (1,137,153.26)	\$ (475,057.32)	\$ (1,142,034.31)	\$ (854,732.45)
Debt Service Ending Balance	\$ 5,295,039.06	\$ 4,157,885.80	\$ 4,819,981.74	\$ 4,153,004.75	\$ 3,297,964.90
<i>Assessed Valuation District 1</i>	\$ 64,940.00	65,000.00	65,000.00	65,000.00	241,170.00
<i>Mill Levy</i>	44.530	44.530	44.530	44.530	44.530
<i>Total Mill Levy</i>	55.663	55.663	55.663	55.663	55.663

Sterling Ranch Metropolitan District #1 - Capital (Project) Fund

Description	2020 Actual	2021 Budget	2021 Actual Jan - June	2021 Amended	2022 Proposed
Beginning Project Fund Balance		\$ 15,392,060.34	\$ 15,392,060.34	\$ 15,392,060.34	\$ 7,597,060.34
INCOME					
Initial Funds/Bonds:	22,623,103.95				
Interest income	1,047.19	10,000.00	4,514.97	6,000.00	3,000.00
Total Income	22,624,151.14	10,000.00	4,514.97	6,000.00	3,000.00
EXPENDITURES					
Transfer to Debt Service (capitalized int)	3,439,880.02				
Transfer to Debt Service (surplus fund)	1,850,093.44				
Cost of Issuance	321,747.45				
Underwriters Discount	451,200.00				
Bond Draws for Capital Expenditures	1,169,169.89	-	4,836,198.76	7,800,000.00	7,500,000.00
Bank charges	-	1,500.00	705.81	1,000.00	1,000.00
Total Expenditures	7,232,090.80	1,500.00	4,836,904.57	7,801,000.00	7,501,000.00
Remaining Capital Fund Balance	\$ 15,392,060.34	\$ 8,500.00	\$ (4,832,389.60)	\$ (7,795,000.00)	\$ (7,498,000.00)
Ending Project Fund Balance		\$ 15,400,560.34	\$ 10,559,670.74	\$ 7,597,060.34	\$ 99,060.34