

FALLBROOK METROPOLITAN DISTRICT

2019 Budget Message

Introduction

The District was formed in 2005 for the purpose of providing design, financing, acquisition, and construction, of certain infrastructure improvements including water, streets, sanitary sewer, and safety protection. When appropriate, these improvements have been dedicated to the City of Thornton and Adams County, or such other entities as appropriate for the use and benefit of the District taxpayers and service users.

The 2019 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2019 fiscal year based on available revenues. This budget provides for the annual debt service on the District's general obligation debt as well as the general operation of the District.

The District's 2018 assessed value increased to \$21,423,420. The District assessed a total of 42.333 mills for taxes to be collected in the fiscal year 2019 with 2.333 mills dedicated to the General Fund and 40.000 mills dedicated to the Debt Service Fund.

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 comprise 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 revenue traditionally associated with government such as property taxes, and specific ownership tax. Expenditures include district administration, legal services, and other expenses related to statutory operations of a local government. The primary source of revenue comes from property taxes and specific ownership taxes.

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. In 2015 the District refunded the Series 2006 & 2007 General Obligation Bonds with a General Obligation Refunding Loan at a fixed rate of 2.42%. Below is a consolidated summary of the District's General Obligation long-term debt.

Summary of Debt Outstanding

Bonds Principal and
Interest Maturing in the
Year Ending December
31,

\$6,520,000
General Obligation Refunding Loan 2015

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	510,000	110,715	620,715
2020	535,000	98,373	633,373
2021	550,000	85,426	635,426
2022	575,000	72,116	647,116
2023 - 2026	2,405,000	145,321	2,550,321
	<u>\$ 4,575,000</u>	<u>511,951</u>	<u>5,086,951</u>

Emergency Reserve

As required by Section 20 of Article X of the Colorado Constitution (“TABOR”), the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.

FALLBROOK METROPOLITAN DISTRICT
Assessed Value, Property Tax and Mill Levy Information

	2017 Actual	2018 Adopted Budget	2019 Adopted Budget
Assessed Valuation	\$ 18,236,640	\$ 21,348,710	\$ 21,423,420
Mill Levy			
General Fund	2.741	2.342	2.333
Debt Service Fund	40.000	40.000	40.000
Total Mill Levy	<u>42.741</u>	<u>42.342</u>	<u>42.333</u>
Property Taxes			
General Fund	\$ 49,987	\$ 49,999	\$ 49,981
Debt Service Fund	729,466	853,948	856,937
Actual/Budgeted Property Taxes	<u>\$ 779,453</u>	<u>\$ 903,947</u>	<u>\$ 906,918</u>

FALLBROOK METROPOLITAN DISTRICT

GENERAL FUND

2019 Adopted Budget

with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated

	2017 Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
BEGINNING FUND BALANCE	\$ 51,872	\$ 66,483	\$ 76,084	\$ 18,827
REVENUE				
Property Tax Revenue	49,987	49,999	49,999	49,981
Specific Ownership Taxes	4,799	3,000	3,000	2,999
Interest Income	667	500	2,320	500
Miscellaneous Income	-	-	-	-
Total Revenue	55,453	53,499	55,319	53,480
Total Funds Available	107,325	119,982	131,403	72,307
EXPENDITURES				
Accounting	7,628	9,180	3,180	9,180
Audit	5,073	6,000	6,000	6,000
Election	-	1,500	704	-
Insurance/SDA Dues	3,246	3,798	3,138	3,798
Legal	6,193	8,670	8,670	8,670
Management	5,965	7,140	7,140	7,140
Miscellaneous	2,386	3,000	3,000	3,000
Treasurer's Fees	750	750	750	750
Contingency	-	78,334	78,334	31,207
Total Expenditures	31,241	118,372	110,916	69,745
Transfers and Other Uses				
Emergency Reserve	-	1,610	1,660	1,610
Total Expenditures Requiring Appropriation	31,241	119,982	112,576	71,355
ENDING FUND BALANCE	\$ 76,084	\$ -	\$ 18,827	\$ 952

FALLBROOK METROPOLITAN DISTRICT

**DEBT SERVICE FUND
2019 Adopted Budget
with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated**

	2017 Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
BEGINNING FUND BALANCE	\$ 108,808	\$ 237,586	\$ 253,975	\$ 485,317
REVENUE				
Property Tax Revenue	729,466	853,948	853,948	856,937
Specific Ownership Taxes	70,033	51,237	51,237	51,416
Interest Income	6,425	1,000	5,250	1,000
Total Revenue	805,924	906,185	910,435	909,353
Total Funds Available	914,732	1,143,771	1,164,410	1,394,670
EXPENDITURES				
Loan Principal - 2015	475,000	500,000	500,000	510,000
Optional Prepayment Principal	40,000	40,000	40,000	40,000
Loan Interest	134,310	123,783	123,783	110,715
Paying Agent Fees	500	2,500	2,500	2,500
Treasurer's Fees	10,947	12,810	12,810	12,860
Total Expenditures	660,757	679,093	679,093	676,075
Transfers and Other Uses				
Total Expenditures Requiring Appropriation	660,757	679,093	679,093	676,075
ENDING FUND BALANCE	\$ 253,975	\$ 464,678	\$ 485,317	\$ 718,595