

**FALLBROOK METROPOLITAN DISTRICT
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**FALLBROOK METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2020**

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Board of Directors
Fallbrook Metropolitan District
Adams County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fallbrook Metropolitan District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Fallbrook Metropolitan District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

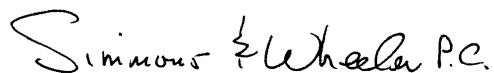
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fallbrook Metropolitan District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The continuing disclosure annual financial information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Englewood, CO
September 28, 2021

BASIC FINANCIAL STATEMENTS

**FALLBROOK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 137,350
Cash and Investments - Restricted	1,156,194
Prepaid Insurance	2,969
Receivable - County Treasurer	8,127
Property Taxes Receivable	983,552
Total Assets	2,288,192
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Cost of Refunding	223,257
Total Deferred Outflows of Resources	223,257
LIABILITIES	
Accounts Payable	8,939
Accrued Interest Payable	6,877
Noncurrent Liabilities:	
Due within One Year	550,000
Due in More Than One Year	2,860,000
Total Liabilities	3,425,816
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	983,552
Total Deferred Inflows of Resources	983,552
NET POSITION	
Restricted:	
Emergency Reserves	1,800
Debt Service	1,155,196
Unrestricted	(3,054,915)
Total Net Position	\$ (1,897,919)

See accompanying Notes to Basic Financial Statements.

**FALLBROOK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 40,406	\$ -	\$ -	\$ -	\$ (40,406)
Interest and Related Costs on Long-Term Debt	147,381	-	-	-	(147,381)
	\$ 187,787	\$ -	\$ -	\$ -	(187,787)
GENERAL REVENUES					
Property Taxes					982,887
Specific Ownership Taxes					72,136
Interest Income					9,832
Total General Revenues					1,064,855
CHANGE IN NET POSITION					877,068
Net Position - Beginning of Year					(2,774,987)
NET POSITION - END OF YEAR					\$ (1,897,919)

See accompanying Notes to Basic Financial Statements.

**FALLBROOK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

ASSETS	General	Debit Service	Total Governmental Funds
Cash and Investments	\$ 137,350	\$ -	\$ 137,350
Cash and Investments - Restricted	1,800	1,154,394	1,156,194
Prepaid Insurance	2,969	-	2,969
Receivable - County Treasurer	448	7,679	8,127
Property Taxes Receivable	54,204	929,348	983,552
Total Assets	\$ 196,771	\$ 2,091,421	\$ 2,288,192
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 8,939	\$ -	\$ 8,939
Total Liabilities	8,939	-	8,939
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	54,204	929,348	983,552
Total Deferred Inflows of Resources	54,204	929,348	983,552
FUND BALANCES			
Nonspendable:			
Prepaid Insurance	2,969	-	2,969
Restricted:			
Emergency Reserves	1,800	-	1,800
Debt Service	-	1,162,073	1,162,073
Unrestricted:			
General Government	128,859	-	128,859
Total Fund Balances	133,628	1,162,073	1,295,701
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 196,771	\$ 2,091,421	

Amounts reported for governmental activities in the statement of net position are different because:

Cost of refunding used in governmental activities are not financial resources and, therefore, are not reported in the funds.

223,257

Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Series 2015 Loan Payable

(3,410,000)

Accrued Interest Payable

(6,877)

Net Position of Governmental Activities

\$ (1,897,919)

See accompanying Notes to Basic Financial Statements.

**FALLBROOK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General Fund	Debit Service Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 54,157	\$ 928,730	\$ 982,887
Specific Ownership Taxes	3,975	68,161	72,136
Interest Income	987	8,845	9,832
Total Revenues	<u>59,119</u>	<u>1,005,736</u>	<u>1,064,855</u>
EXPENDITURES			
Accounting	17,948	-	17,948
Audit	4,300	-	4,300
County Treasurer's Fees	809	13,870	14,679
Insurance	709	-	709
District Management	8,103	-	8,103
Legal	7,343	-	7,343
Miscellaneous	294	-	294
Election Expense	580	-	580
Dues	320	-	320
Paying Agent Fee	-	500	500
Loan Interest	-	96,437	96,437
Loan Principal - Optional Prepayment	-	40,000	40,000
Loan Principal - Scheduled Payment	-	535,000	535,000
Total Expenditures	<u>40,406</u>	<u>685,807</u>	<u>726,213</u>
NET CHANGE IN FUND BALANCES	18,713	319,929	338,642
Fund Balances - Beginning of Year	<u>114,915</u>	<u>842,144</u>	<u>957,059</u>
FUND BALANCES - END OF YEAR	<u>\$ 133,628</u>	<u>\$ 1,162,073</u>	<u>\$ 1,295,701</u>

See accompanying Notes to Basic Financial Statements.

**FALLBROOK METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ 338,642

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Loan Principal Payment 575,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Current Year Amortization - Deferred Costs of Refunding (37,733)
Accrued Interest on Loan - Change in Liability 1,159

Change in Net Position of Governmental Activities \$ 877,068

**FALLBROOK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 54,171	\$ 54,157	\$ (14)
Specific Ownership Taxes	4,334	3,975	(359)
Interest Income	740	987	247
Total Revenues	<u>59,245</u>	<u>59,119</u>	<u>(126)</u>
EXPENDITURES			
Accounting	17,000	17,948	(948)
Audit	6,000	4,300	1,700
County Treasurer's Fee	813	809	4
Insurance	3,500	709	2,791
District Management	9,000	8,103	897
Legal	5,000	7,343	(2,343)
Miscellaneous	3,000	294	2,706
Election	800	580	220
Contingency	14,557	-	14,557
Dues	330	320	10
Total Expenditures	<u>60,000</u>	<u>40,406</u>	<u>19,594</u>
NET CHANGE IN FUND BALANCE	(755)	18,713	19,468
Fund Balance - Beginning of Year	<u>114,344</u>	<u>114,915</u>	<u>571</u>
FUND BALANCE - END OF YEAR	<u>\$ 113,589</u>	<u>\$ 133,628</u>	<u>\$ 20,039</u>

See accompanying Notes to Basic Financial Statements.

**FALLBROOK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

Fallbrook Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Adams County, Colorado, on December 5, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to finance and construct certain public infrastructure improvements including sanitary and storm sewers, streets, water, safety protection, and other improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**FALLBROOK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of 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. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

**FALLBROOK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed. In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted, and unrestricted.

**FALLBROOK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**FALLBROOK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 137,350
Cash and Investments - Restricted	<u>1,156,194</u>
Total Cash and Investments	<u><u>\$ 1,293,544</u></u>

Cash and investments as of December 31, 2020, consist of the following:

Deposits with Financial Institutions	\$ 238
Investments	<u>1,293,306</u>
Total Cash and Investments	<u><u>\$ 1,293,544</u></u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a bank balance of \$733 and a carrying balance of \$238.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**FALLBROOK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 1,293,306

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**FALLBROOK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS

All capital assets have been conveyed to the City of Thornton.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Series 2015 Loan	\$ 3,985,000	\$ -	\$ 575,000	\$ 3,410,000	\$ 550,000
Total	<u>\$ 3,985,000</u>	<u>\$ -</u>	<u>\$ 575,000</u>	<u>\$ 3,410,000</u>	<u>\$ 550,000</u>

A description of the long-term obligations as of December 31, 2020, is as follows:

Series 2015 Loan

On July 17, 2015, the District issued its \$6,520,000 General Obligation Refunding Loan, Series 2015 dated July 17, 2015 (Series 2015 Loan) for the purpose of advance-refunding all of the District's outstanding Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds Series 2006, refunding on a current basis the District's Subordinate Convertible Capital Appreciation General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds Series 2007, and paying the cost of issuance of the loan. The Series 2015 Loan bears interest at a fixed rate of 2.42% per annum, payable semiannually on each June 1 and December 1, commencing on December 1, 2015. The Series 2015 Loan is due December 1, 2026. The District may, at its option, prepay the Loan, in part, on December 1 of each year commencing on December 1, 2015 in the maximum principal amount of up to \$40,000 each December 1, at a prepayment price equal to the sum of the principal so prepaid together with accrued and unpaid interest thereon to the date of prepayment. The Series 2015 Loan is secured by the District's covenant to impose the Mill Levy (as defined in the Loan Agreement).

The District's Series 2015 Loan will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 550,000	\$ 82,522	\$ 632,522
2022	575,000	69,212	644,212
2023	585,000	55,297	640,297
2024	615,000	41,140	656,140
2025	630,000	26,257	656,257
2026	455,000	11,011	466,011
Total	<u>\$ 3,410,000</u>	<u>\$ 285,439</u>	<u>\$ 3,695,439</u>

**FALLBROOK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

At an election held on November 1, 2005, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in an amount not to exceed \$8,500,000 for providing public improvements, \$500,000 for intergovernmental agreements, and \$9,000,000 for refunding of previously issued indebtedness. As of December 31, 2020, the District has remaining voted authorization to issue up to \$500,000 for intergovernmental agreements and up to \$9,000,000 for refunding.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing additional public improvements within the District's service area, if needed.

NOTE 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 7 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

**FALLBROOK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2020, the District determined its required emergency reserve to be approximately \$1,800.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**FALLBROOK METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 928,771	\$ 928,730	\$ (41)
Specific Ownership Taxes	74,302	68,161	(6,141)
Interest Income	6,664	8,845	2,181
Total Revenues	<u>1,009,737</u>	<u>1,005,736</u>	<u>(4,001)</u>
EXPENDITURES			
County Treasurer's Fee	13,932	13,870	62
Paying Agent Fees	500	500	-
Loan Interest	96,437	96,437	-
Loan Principal - Optional Prepayment	40,000	40,000	-
Loan Principal - Scheduled Payment	535,000	535,000	-
Total Expenditures	<u>685,869</u>	<u>685,807</u>	<u>62</u>
NET CHANGE IN FUND BALANCE	323,868	319,929	(3,939)
Fund Balance - Beginning of Year	<u>831,166</u>	<u>842,144</u>	<u>10,978</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,155,034</u></u>	<u><u>\$ 1,162,073</u></u>	<u><u>\$ 7,039</u></u>

OTHER INFORMATION

**FALLBROOK METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2016	\$ 16,885,500	2.961	40.000	\$ 725,418	\$ 725,418	100.00 %
2017	18,236,640	2.741	40.000	779,452	779,452	100.00
2018	21,348,710	2.342	40.000	903,947	903,947	100.00
2019	21,423,420	2.333	40.000	906,918	906,918	100.00
2020	23,219,280	2.333	40.000	982,942	982,887	99.99
Estimated for the Year Ending <u>December 31,</u>						
2021	\$ 23,233,710	2.333	40.000	\$ 983,552		