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Accountant's Compilation Report

Board of Directors
Fallbrook Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Fallbrook Metropolitan District for the year ending December 31, 2020, including the estimate of comparative information for the year ended December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved, as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions, which describe that the budget is presented in accordance with the requirements of C.R.S 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Fallbrook Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 8, 2020

**FALLBROOK METROPOLITAN DISTRICT
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/8/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 330,058	\$ 663,596	\$ 945,510
REVENUES			
Property taxes	903,947	906,918	982,942
Specific ownership taxes	79,113	69,800	78,636
Interest income	18,858	20,300	7,404
Total revenues	<u>1,001,918</u>	<u>997,018</u>	<u>1,068,982</u>
Total funds available	<u>1,331,976</u>	<u>1,660,614</u>	<u>2,014,492</u>
EXPENDITURES			
General Fund	33,218	42,000	60,000
Debt Service Fund	635,162	673,104	685,869
Total expenditures	<u>668,380</u>	<u>715,104</u>	<u>745,869</u>
Total expenditures and transfers out requiring appropriation	<u>668,380</u>	<u>715,104</u>	<u>745,869</u>
ENDING FUND BALANCES	<u>\$ 663,596</u>	<u>\$ 945,510</u>	<u>\$ 1,268,623</u>
EMERGENCY RESERVE	\$ 1,800	\$ 1,710	\$ 1,800
DEBT SERVICE RESERVE	563,833	831,166	1,155,034
TOTAL RESERVE	<u>\$ 565,633</u>	<u>\$ 832,876</u>	<u>\$ 1,156,834</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FALLBROOK METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/8/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Residential	\$ -	\$ 21,048,370	\$ 22,788,270
Agricultural	-	90	90
State assessed	-	1,420	1,520
Personal property	-	373,540	429,400
Certified Assessed Value	<u>\$ 21,348,710</u>	<u>\$ 21,423,420</u>	<u>\$ 23,219,280</u>
General	2.342	2.333	2.333
Debt Service	40.000	40.000	40.000
MILL LEVY	<u>42.342</u>	<u>42.333</u>	<u>42.333</u>
PROPERTY TAXES			
General	\$ 49,999	\$ 49,981	\$ 54,171
Debt Service	853,948	856,937	928,771
Levied property taxes	<u>903,947</u>	<u>906,918</u>	<u>982,942</u>
Adjustments to actual/rounding	-	-	-
PROPERTY TAXES	<u>\$ 903,947</u>	<u>\$ 906,918</u>	<u>\$ 982,942</u>
BUDGETED PROPERTY TAXES			
General	\$ 49,999	\$ 49,981	\$ 54,171
Debt Service	853,948	856,937	928,771
BUDGETED PROPERTY TAXES	<u>\$ 903,947</u>	<u>\$ 906,918</u>	<u>\$ 982,942</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FALLBROOK METROPOLITAN DISTRICT
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ending December 31,**

1/8/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 76,084	\$ 99,763	\$ 114,344
REVENUES			
Property taxes	49,999	49,981	54,171
Specific ownership taxes	4,376	3,800	4,334
Interest income	2,522	2,800	740
Total revenues	56,897	56,581	59,245
Total funds available	132,981	156,344	173,589
EXPENDITURES			
General and administrative			
Accounting	10,457	17,000	17,000
Audit	6,202	6,000	6,000
County Treasurer's fee	750	750	813
Insurance	3,234	2,858	3,500
District management	7,328	9,000	9,000
Legal	2,945	5,000	5,000
Miscellaneous	1,598	1,072	3,000
Election	704	-	800
Contingency/Emergency Reserve	-	-	14,557
Total expenditures	33,218	42,000	60,000
Total expenditures requiring appropriation	33,218	42,000	60,000
ENDING FUND BALANCE	\$ 99,763	\$ 114,344	\$ 113,589
EMERGENCY RESERVE	\$ 1,800	\$ 1,710	\$ 1,800
TOTAL RESERVE	\$ 1,800	\$ 1,710	\$ 1,800

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FALLBROOK METROPOLITAN DISTRICT
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/8/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 253,974	\$ 563,833	\$ 831,166
REVENUES			
Property taxes	853,948	856,937	928,771
Specific ownership taxes	74,737	66,000	74,302
Interest income	16,336	17,500	6,664
Total revenues	945,021	940,437	1,009,737
Total funds available	1,198,995	1,504,270	1,840,903
EXPENDITURES			
General and administrative			
County Treasurer's fee	12,815	12,854	13,932
Paying agent fees	500	500	500
Debt Service			
Loan interest	121,847	109,750	96,437
Loan principal	500,000	510,000	535,000
Optional principal prepayment	-	40,000	40,000
Total expenditures	635,162	673,104	685,869
Total expenditures and transfers out requiring appropriation	635,162	673,104	685,869
ENDING FUND BALANCE	\$ 563,833	\$ 831,166	\$ 1,155,034

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FALLBROOK METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Fallbrook Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized on December 5, 2005 upon recording of the Order and Decree Creating District with Adams County Clerk and Recorder, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the County of Adams, Colorado.

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

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, 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.

The calculation of the taxes levied is displayed on Property Tax Summary page of the budget at the adopted total mill levy of 42.333 mills, of which 2.333 mills is for operations and maintenance and 40.000 mills is for debt service.

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 the District's share will be equal to approximately 8.0% of the property taxes collected by the General Fund and the Debt Service Fund.

**FALLBROOK METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative and Operating Expenditures

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

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Debt Service

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, refund on a current basis the District's Subordinate Convertible Capital Appreciation General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2007, and pay 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.

Debt and Leases

Principal and interest payments are provided based on the debt amortization schedule from the Series 2015 Loan. The District's current debt service schedule is attached.

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 fiscal year spending, as defined under the TABOR Amendment.

This information is an integral part of the accompanying budget.

**FALLBROOK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

2015 Loan

Loan Issued: July 17, 2015 **\$6,520,000**

Loan Dated: July 17, 2015

Interest Rate: 2.42%

Interest Payments on June 1 and December 1.

Principal Payments Due December 1.

Year	Principal	Optional Prepayment Principal	Coupon	Interest	Total Annual Debt Service	Principal Outstanding	Year
2020	535,000	40,000	2.42%	96,437	671,437	3,410,000	2020
2021	550,000	40,000	2.42%	82,522	672,522	2,820,000	2021
2022	575,000	40,000	2.42%	68,244	683,244	2,205,000	2022
2023	585,000	40,000	2.42%	53,361	678,361	1,580,000	2023
2024	615,000	40,000	2.42%	38,236	693,236	925,000	2024
2025	630,000	40,000	2.42%	22,385	692,385	255,000	2025
2026	255,000	-	2.42%	6,171	261,171	-	2026
	3,745,000	240,000		367,356	4,352,356		

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