

Three Springs Metropolitan Districts No. 1, No. 2 & No. 3

Final Budget

For the Year Ending December 31, 2015

Approved

December 15, 2014

Three Springs Metropolitan Districts No. 1, No. 2, and No. 3

Final Budgets

For the Year Ending December 31, 2015

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Three Springs Metropolitan Districts No. 1, No. 2, and No. 3

Final Budgets

For the Year Ending December 31, 2015

Budget Message

Purposes of the Districts

Three Springs Metropolitan Districts No.1, No. 2, & No. 3 were organized to provide certain parks, recreation and drainage facilities for the mixed uses development project known as “Three Springs”, consisting of 681 acres of land in Durango, Colorado. Three Springs Metropolitan District No. 1 contains all property within Village I of the development (except the regional hospital, acute treatment center and medical office building). Three Springs Metropolitan District No. 2 contains all property within Village II of the Development. As the management and control district, Three Springs Metropolitan District No. 3 is responsible for managing, implementing and coordinating the financing, acquisition, construction, and/or operation of certain infrastructure and services throughout the Development, including parks recreation and related drainage facilities.

The developer, GRVP, LLC, has advanced funds to District No. 3 necessary to fund the costs of acquisition, construction and/or improvements. District No. 3 issued bonds in 2010 to partially reimburse the developer for these advances. District No. 1 and District No. 2 pay over all tax collections and other revenue to District No. 3, this revenue is applied to the bond debt service and the costs of financing and construction of capital improvements. Additionally, these funds will be applied to administration, operation and maintenance of improvements which are not transferred to the City of Durango.

The Districts have in place agreements among the Districts and with the developer, GRVP, LLC that govern responsibilities and obligations for operations and construction of improvements.

Summary of Significant Assumptions

Property Taxes

The primary source of revenue for Districts No. 1 and No. 2 are property taxes. The adopted mill levies for Districts No. 1 and No. 2 are 50 mills. The District No. 1 mill levy is allocated 4.275 mills for operations and 45.725 mills for debt service. The District No. 2 mill levy is allocated 100% for operations. District No. 3 does not levy any property taxes.

Specific Ownership Taxes

This revenue is based on a sharing of the collection of vehicle ownership taxes pooled by La Plata County.

Medical Office Building Fees

This fee is based upon an agreement with the Medical Office Building (MOB) on the campus of the Mercy Regional Medical Center. Due to the fact that the MOB is located within the service area of District No. 1 (but not included within District No. 1), District Nos. 1 and 3 have entered into an agreement to bill the MOB for the various services that they are provided. The amount of the revenue is established by contract.

Administrative Expenditures

Administrative expenditures have been assumed, generally, to be at the same level of required services.

Capital Outlay

During the entire scope of the development the capital outlay expenditures planned by the Districts include certain parks and related improvements, trail construction, drainage improvements and other items outlined in the Service Plans. These expenditures are budgeted in the capital projects fund of District No. 3.

Debt Service

District No. 3 issued \$16.9 million of debt in 2010. The debt service fund of District No. 3 reflects the principal and interest payment on the bond.

Emergency Reserve

The Districts have provided for emergency reserves equal to at least 3% of fiscal year spending for 2015, as defined under TABOR, which are part of the general fund ending fund balances for each respective District.

Leases

The Districts are not a party to any lease agreements.

Budget Modifications

Appropriations for the budget are adopted on a total fund basis. The Board of Directors may transfer any unencumbered appropriation balance or a portion thereof from one classification or expenditure to another within a fund. The budgets are adopted on the modified accrual basis of accounting. Appropriations lapse at the end of the year.

THREE SPRINGS METROPOLITAN DISTRICT NO. 1

January 1 to December 31, 2015 Budget

GENERAL FUND

	2014			Estimated Totals for 2014	Budget 2015
	Budget	Jan to Sept	Over (Under) Budget		
Beginning Fund Balance	\$ 30,058	\$ 61,225	\$ 61,474		
Revenues and Other Sources					
Property taxes					
Operations	155,533	128,879	130,063	51,544	51,424
Debt service	528,814	438,191	442,215	551,312	550,025
Specific ownership taxes	50,747	38,009	51,049	40,000	41,653
Interest income	201	440	382	350	58
Bond proceeds	-	-	-	-	-
Total Revenues and Other Sources	765,353	666,744	685,183	651,237	704,728
Expenditures and Other Uses					
Transfers to District No. 3					
Operations	131,408	125,046	126,217	49,998	49,886
Debt service	552,189	463,167	480,186	574,773	575,223
Bank service charges		40	40	80	-
Treasurers fees	20,531	17,017	17,172	18,086	18,034
Total Expenditures and Other Uses	704,128	605,270	623,615	642,937	643,143
Ending Fund Balance	\$ 61,225	\$ 61,474	\$ 61,568	\$ 8,300	\$ 61,585
				\$ 53,285	\$ 61,588
					\$ 61,690

THREE SPRINGS METROPOLITAN DISTRICT NO. 1

RESOLUTION NO. A

RESOLUTION TO ADOPT BUDGET

WHEREAS, the Board of Directors ("Board") of Three Springs Metropolitan District No. 1 ("District") has appointed a budget committee to prepare and submit a proposed 2015 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted the proposed budget to the Board for its consideration; and

WHEREAS, upon due and proper notice, published in accordance with law, the budget was open for inspection by the public at a designated place, and a public hearing was held on October 14, 2014, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, enterprise, reserve transfer and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Three Springs Metropolitan District No. 1:

That estimated expenditures for each fund are as follows:

General Fund:	\$717,006
Total	\$717,006

That estimated revenues are as follows:

<u>General Fund:</u>	
From unappropriated surpluses	\$61,588
From sources other than general property tax	\$50,100
From general property tax	\$667,008
Total	\$778,696

That reserves have been or are hereby established for each appropriate fund or combined as a single reserve fund as set forth in the budget in order to preserve the spending exemption for

reserves under TABOR, and all such reserves shall be transferred or expended within any fund as set forth in the budget.

That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of Three Springs Metropolitan District No. 1 for the 2015 fiscal year.

That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

TO SET MILL LEVIES

WHEREAS, the amount of money necessary to balance the budget for general operating expenses is \$667,008; and

WHEREAS, the 2014 preliminary estimated valuation for assessment of the District by the County Assessor is \$13,340,170.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Springs Metropolitan District No. 1:

That for the purpose of meeting all general expenses of the District during the 2015 budget year, pursuant to the Inter District Financing Agreement, there is hereby levied a property tax of 50 mills upon each dollar of the total valuation for assessment of all taxable property within the District to raise \$667,008. This levy shall be comprised of 4.275 mills for operations and 45.725 mills for debt service.

That the Treasurer and/or President of the District is hereby authorized and directed to immediately certify to the County Commissioners of La Plata County, Colorado, the mill levies for the District as hereinabove determined and set.

TO APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the District has made provision in the budget for revenues in an amount equal to the total proposed expenditures as set forth therein; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Springs Metropolitan District No. 1 that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:

General Fund:

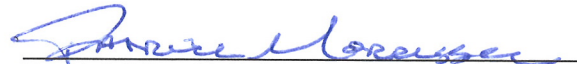
Total

\$717,006

\$717,006

Adopted this 14th day of October, 2014.

**THREE SPRINGS METROPOLITAN
DISTRICT No 1**

By: 
Patrick Morrissey, Chairman

ATTEST:

By: 
Regina Dunn, Treasurer

THREE SPRINGS METROPOLITAN DISTRICT NO. 2

January 1 to December 31, 2015 Budget

GENERAL FUND

	2014					Budget 2015
	Budget 2014	Jan to Sept	Over (Under) Budget	Estimated Totals for 2014		
Beginning Fund Balance	\$ 2,813	\$ 5,422	\$ 5,438	\$ 5,438	\$ 5,438	\$ 5,438
Revenues and Other Sources						
Property taxes						
Operating	35,070	30,246	29,000	12,145	12,145	21,435
Debt service			-	-	-	-
Specific ownership taxes	2,600	2,024	2,588	2,500	949	1,500
Interest income	9	14	5	10	(10)	-
Total Revenues and Other Sources	40,492	37,706	37,031	20,084	18,532	27,873
Expenditures and Other Uses						
Transfers to District No. 3						
Operations	34,018	31,363	30,717	14,281	12,730	21,791
Bank service charges	-	-	6	28	-	-
Treasurers fees	1,052	907	870	364	364	644
Total Expenditures and Other Uses	35,070	32,270	31,593	14,673	13,094	22,435
Ending Fund Balance	\$ 5,422	\$ 5,436	\$ 5,438	\$ 5,411	\$ 5,438	\$ 5,438

THREE SPRINGS METROPOLITAN DISTRICT NO 2

RESOLUTION NO. B

RESOLUTION TO ADOPT BUDGET

WHEREAS, the Board of Directors ("Board") of Three Springs Metropolitan District No. 2 ("District") has appointed a budget committee to prepare and submit a proposed 2015 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted the proposed budget to the Board for its consideration; and

WHEREAS, upon due and proper notice, published in accordance with law, the budget was open for inspection by the public at a designated place, and a public hearing was held on October 14, 2014, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, enterprise, reserve transfer and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Three Springs Metropolitan District No. 2:

That estimated expenditures for each fund are as follows:

General Fund:	\$22,435
Total	\$22,435

That estimated revenues are as follows:

<u>General Fund:</u>	
From unappropriated surpluses	\$5,438
From sources other than general property tax	\$1,000
From general property tax	\$21,435
Total	\$27,873

That reserves have been or are hereby established for each appropriate fund or combined as a single reserve fund as set forth in the budget in order to preserve the spending exemption for reserves under TABOR, and all such reserves shall be transferred or expended within any fund as set forth in the budget.

That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of Three Springs Metropolitan District No. 2 for the 2015 fiscal year.

That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

TO SET MILL LEVIES

WHEREAS, the amount of money necessary to balance the budget for general operating expenses is \$21,435; and

WHEREAS, the 2014 preliminary estimated valuation for assessment of the District by the County Assessor is \$428,690.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Springs Metropolitan District No. 2:

That for the purpose of meeting all general operating expenses of the District during the 2015 budget year, there is hereby levied a property tax of 50 mills upon each dollar of the total valuation for assessment of all taxable property within the District to raise \$21,435, all of which is for operations.

That the Treasurer and/or President of the District is hereby authorized and directed to immediately certify to the County Commissioners of La Plata County, Colorado, the mill levies for the District as hereinabove determined and set.

TO APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the District has made provision in the budget for revenues in an amount equal to the total proposed expenditures as set forth therein; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Springs Metropolitan District No. 2 that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:

General Fund:		<u>\$22,435</u>
	Total	\$22,435

Adopted this 14th day of October, 2014.

**THREE SPRINGS METROPOLITAN
DISTRICT No. 2**

By: 

Patrick Morrissey, Chairman

ATTEST:

By: 

Regina Dunn, Treasurer

THREE SPRINGS METROPOLITAN DISTRICT NO. 3

January 1 to December 31, 2015 Budget

GENERAL FUND

	Actual			2014			Estimated Totals for 2014	Budget 2015
	2011	2012	2013	Budget	Jan to Sept	Over (Under) Budget		
Beginning Fund Balance	\$ 30,349	\$ 151,794	\$ 84,463	\$ 64,424	\$ 51,168	\$ (13,256)	\$ 51,168	\$ 7,833
Revenues and Other Sources								
Transfers from Dist No. 1	131,408	125,046	126,217	49,998	49,886	(112)	50,134	55,318
Transfers from Dist No. 2	34,018	31,363	30,717	14,281	12,730	(1,551)	14,595	21,791
Mercy Housing building fees	4,682	4,775	4,871	4,968	4,968	-	4,968	5,068
Interest income	27	161	139	150	28	(122)	50	50
Developer advances	211,025	-	-	150,000	-	(150,000)	148,017	164,865
Total Revenues and Other Sources	411,509	313,139	246,407	283,821	118,780	(165,041)	268,933	254,925
Expenditures and Other Uses								
General government								
Audit & accounting	6,000	6,125	8,705	7,000	6,600	(400)	7,000	7,000
Insurance/dues	5,840	7,373	7,474	8,000	7,918	(82)	8,000	8,000
Legal	32,168	47,015	28,908	30,000	7,609	(22,391)	20,000	30,000
Administration/Staffing/Programing/OH	15,562	4,212	3,126	5,000	3,121	(1,879)	13,500	100
Office supplies	-	-	-	200	-	(200)	200	200
Postage	-	-	-	200	-	(200)	200	200
Subscriptions	1,708	1,169	1,996	2,000	1,073	(927)	2,000	2,000
Appraisal	-	-	-	11,500	11,500	-	11,500	-
Community operations								
Landscaping/Grounds/Maintenance	158,800	119,744	115,344	133,700	103,283	(30,417)	133,700	135,000
Utilities	37,817	28,954	22,351	30,000	15,979	(14,021)	30,000	30,000
Snow removal	1,821	4,484	7,335	20,000	752	(19,248)	10,000	10,000
Contingency	-	-	-	25,000	-	-	25,000	25,000
Transfer to Capital Projects Fund	-	9,600	-	-	-	-	-	-
Total Expenditures and Other Uses	259,716	228,676	195,239	272,600	157,834	(89,768)	261,100	247,500
Ending Fund Balance	\$ 151,793	\$ 84,463	\$ 51,168	\$ 11,221	\$ (39,054)	\$ (75,274)	\$ 7,833	\$ 7,425

THREE SPRINGS METROPOLITAN DISTRICT NO. 3

January 1 to December 31, 2015 Budget

CAPITAL PROJECTS FUND

	Actual 2011			Actual 2012		Actual 2013		2014				Budget 2015
								Budget	Jan to Sept.	Over (Under) Budget	Estimated Totals for 2014	
Beginning Fund Balance	\$ 16,958,236	\$ 8,471	\$ -					\$ 25,015	\$ 107,574	\$ 82,559	\$ 107,574	\$ 4,575
Revenues and Other Sources												
Interest income	7	11	4					15	-	(15)	-	-
Developer advances-cash	205,385	25,000	275,000					456,000	-	(456,000)	-	548,425
Developer advances-asset transfers								-	-	-	1,528,214 ^P	
Transfer from General fund	-	9,600	-					-	-	-	-	-
Total Revenues and Other Sources	17,163,628	43,082	275,004					481,030	107,574 ^P	(373,456)	1,635,788	553,000
Expenditures and Other Uses												
Capital outlay	200,179	43,082	167,430					411,000	3,602	(407,398)	1,551,213 ^P	508,000 ^P
Contingency	-	-	-					45,000	-	(45,000)	80,000	45,000
Total Expenditures and Other Uses	200,179	43,082	167,430					456,000	3,602	(452,398)	1,631,213	553,000
Ending Fund Balance	\$ 16,963,449	\$ -	\$ 107,574					\$ 25,030	\$ 103,972	\$ 78,942	\$ 4,575	\$ -

THREE SPRINGS METROPOLITAN DISTRICT NO. 3

January 1 to December 31, 2015 Budget

DEBT SERVICE FUND

	Actual 2011	Actual 2012	Actual 2013 (Pre Audit)	2014			Estimated Totals for 2014	Budget 2015
				Budget	Jan to Sept	Over (Under) Budget		
Beginning Fund Balance	\$ 5,420,676	\$ 4,782,398	\$ 4,048,265	\$ 3,313,213	\$ 3,325,078	\$ 11,865	\$ 3,325,078	\$ 2,659,805
Revenues and Other Sources								
Transfers from Dist No. 1	552,189	463,167	480,186	574,773	575,223	450	552,815	641,677
Medical office building fees	120,120	108,563	108,563	102,174	97,875	(4,299)	97,875	97,875
Interest income	4,742	8,412	4,311	4,500	2,513	(1,987)	4,500	3,500
Total Revenues and Other Sources	6,097,727	5,362,540	4,641,325	3,994,660	4,000,688	6,028	3,980,268	3,402,857
Expenditures and Other Uses								
Bond interest	1,309,750	1,309,750	1,309,750	1,309,363	654,681	(654,682)	1,309,363	1,308,975
Bond principal	-	-	5,000	5,000	-	(5,000)	5,000	5,000
Legal	-	-	-	2,000	-	(2,000)	2,000	-
Bank Service Charges	5,579	4,526	1,497	1,600	771	(829)	1,000	1,600
Trustee fees	-	-	-	3,100	-	(3,100)	3,100	3,100
Total Expenditures and Other Uses	1,315,329	1,314,276	1,316,247	1,321,063	655,452	(665,611)	1,320,463	1,318,675
Ending Fund Balance	\$ 4,782,398	\$ 4,048,265	\$ 3,325,078	\$ 2,673,597	\$ 3,345,236	\$ 671,639	\$ 2,659,805	\$ 2,084,182

THREE SPRINGS METROPOLITAN DISTRICT NO 3

RESOLUTION NO. C

RESOLUTION TO ADOPT BUDGET

WHEREAS, the Board of Directors ("Board") of Three Springs Metropolitan District No. 3 ("District") has appointed a budget committee to prepare and submit a proposed 2015 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted the proposed budget to the Board on or before October 14, 2014 for its consideration; and

WHEREAS, upon due and proper notice, published in accordance with law, the budget was open for inspection by the public at a designated place, and a public hearing was held on October 14, 2014, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, enterprise, reserve transfer and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Three Springs Metropolitan District No. 3:

That estimated expenditures for each fund are as follows:

General Fund:	\$247,500
Capital Projects Fund:	\$553,000
Debt Service Fund:	\$1,318,675
Total	\$2,119,175

That estimated revenues are as follows:

General Fund:

From unappropriated surpluses	\$7,833
From inter-district transfers	\$77,109
From Mercy Housing building fees	\$5,068
Developer advances	\$164,865
From interest income	\$50
Total	\$254,925

Capital Projects Fund:

From unappropriated surpluses	\$4,575
From developer advances	\$548,425
From sources other than general property tax	\$0
Total	\$553,000

Debt Service Fund:

From unappropriated surpluses	\$2,659,805
From inter-district transfers	\$641,677
From Medical Office building fees	\$97,875
Interest income	\$3,500
Total	\$3,402,857

That reserves have been or are hereby established for each appropriate fund or combined as a single reserve fund as set forth in the budget in order to preserve the spending exemption for reserves under TABOR, and all such reserves shall be transferred or expended within any fund as set forth in the budget.

That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of Three Springs Metropolitan District No. 3 for the 2015 fiscal year.

That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

TO APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the District has made provision in the budget for revenues in an amount equal to the total proposed expenditures as set forth therein; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set

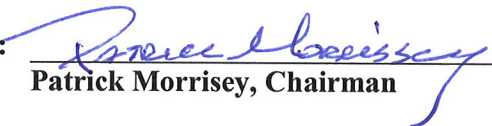
forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Three Springs Metropolitan District No. 3 that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:

General Fund:	\$247,500
Capital Projects Fund:	\$553,000
Debt Service Fund:	\$1,318,675
Total	<hr/> \$2,119,175

Adopted this 14th day of October, 2014.

**THREE SPRINGS METROPOLITAN
DISTRICT No. 3**

By: 
Patrick Morrissey, Chairman

ATTEST:

By: 
Regina Dunn, Treasurer