

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

# **Final Budget**

**For the Year Ending December 31, 2016**

**Approved**

**October 13, 2015**

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

## Final Budgets

For the Year Ending December 31, 2016

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

## **Final Budgets**

**For the Year Ending December 31, 2016**

### **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 2016, 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  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET  
 January 1 to December 31, 2016 Budget  
 GENERAL FUND

	2015				Budget 2016	
	Audited 2014	Budget	Jan to Jun	Over (Under) Budget		Estimated Totals for 2015
Beginning Fund Balance	\$ 61,568	\$ 61,588	61,556	(32)	\$ 61,556	\$ 61,658
Revenues and Other Sources						
Property taxes						
Operations	51,424	57,029	56,283	(746)	57,029	66,499
Debt service	550,025	609,979	601,998	(7,981)	609,979	711,268
Specific ownership taxes	56,581	50,000	29,520	(20,480)	50,000	70,000
Interest income	58	100	1	(99)	100	-
Total Revenues and Other Sources	719,656	778,696	749,357	(29,339)	778,664	909,425
Expenditures and Other Uses						
Transfers to District No. 3						
Operations	49,886	55,318	54,596	(722)	55,318	64,504
Debt service	590,151	641,680	613,469	(28,211)	641,680	759,930
Bank service charges	30	-	-	-	-	-
Treasurers fees	18,033	20,008	19,737	(271)	20,008	23,333
Total Expenditures and Other Uses	658,100	717,006	687,801	(29,205)	717,006	847,767
Ending Fund Balance	\$ 61,556	\$ 61,690	61,556	(134)	\$ 61,658	\$ 61,658

**THREE SPRINGS METROPOLITAN DISTRICT NO. I**

**RESOLUTION NO. A**

**RESOLUTION TO ADOPT BUDGET**

WHEREAS, the Board of Directors ("Board") of Three Springs Metropolitan District No. I ("District") has appointed a budget committee to prepare and submit a proposed 2016 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 13, 2015, 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. I:

That estimated expenditures for each fund are as follows:

<b>General Fund:</b>		<b>\$847,767</b>
	<b>Total</b>	<b>\$847,767</b>

That estimated revenues are as follows:

<b><u>General Fund:</u></b>		
<b>From unappropriated surpluses</b>		<b>\$61,658</b>
<b>From sources other than general property tax</b>		<b>\$70,000</b>
<b>From general property tax</b>		<b>\$777,767</b>
	<b>Total</b>	<b>\$909,425</b>

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 2016 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 \$777,767; and

WHEREAS, the 2015 final valuation for assessment of the District by the County Assessor is \$15,555,340.

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 2016 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 \$777,767. 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**

**\$847,767**

**\$847,767**

Adopted this 13th day of October, 2015.

**THREE SPRINGS METROPOLITAN  
DISTRICT No 1**

By:   
Patrick Morrissey, Chairman

**ATTEST:**

By:   
Regina Dunn, Treasurer





**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 2016 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 13, 2015, 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:

<b>General Fund:</b>	<b>\$29,900</b>
<b>Total</b>	<b>\$29,900</b>

That estimated revenues are as follows:

<b><u>General Fund:</u></b>	
<b>From unappropriated surpluses</b>	<b>\$5,407</b>
<b>From sources other than general property tax</b>	<b>\$1,500</b>
<b>From general property tax</b>	<b>\$28,400</b>
<b>Total</b>	<b>\$35,307</b>

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 2016 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 \$28,400; and

WHEREAS, the 2015 final valuation for assessment of the District by the County Assessor is \$568,000.

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 2016 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 \$28,400, 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:

<b>General Fund:</b>		<u>\$29,900</u>
	<b>Total</b>	<b>\$29,900</b>

Adopted this 13th day of October, 2015.

**THREE SPRINGS METROPOLITAN  
DISTRICT No. 2**

By:   
**Patrick Morrissey, Chairman**

**ATTEST:**

By:   
**Regina Dunn, Treasurer**

THREE SPRINGS METROPOLITAN DISTRICT NO. 3  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 January 1 to December 31, 2016 Budget  
 GENERAL FUND

	2015				Budget 2016	
	Audited 2014	Budget	Jan to Jun	Over (Under) Budget		Estimated Totals for 2015
Beginning Fund Balance	\$ 51,168	\$ 7,833	\$ -	\$ (7,833)	\$ -	\$ 7,467
Revenues and Other Sources						
Transfers from Dist No. 1	49,885	55,318	54,596	(722)	55,318	66,499
Transfers from Dist No. 2	13,030	21,791	21,676	(115)	21,791	29,048
Mercy Housing building fees	4,968	5,068	5,068	-	5,068	5,825
Interest income	27	50	-	(50)	-	-
Developer advances	80,148	164,865	80,000	(84,865)	174,190	180,488
<b>Total Revenues and Other Sources</b>	<b>199,226</b>	<b>254,925</b>	<b>161,340</b>	<b>(93,585)</b>	<b>256,367</b>	<b>289,327</b>
Expenditures and Other Uses						
General government						
Audit & accounting	6,600	7,000	6,600	(400)	7,000	7,000
Insurance/dues	7,917	8,000	7,896	(104)	8,000	9,000
Legal	21,331	30,000	14,594	(15,405)	30,000	50,000
Administration/Staffing/Programing/OH	11,500	100	823	723	1,500	1,500
Office supplies	-	200	-	(200)	200	200
Postage	-	200	-	(200)	200	200
Subscriptions	1,073	2,000	1,068	(932)	2,000	2,000
Appraisal	-	-	-	-	-	11,000
Bank service charge	3,402	-	-	-	-	-
Community operations						
Landscaping/Grounds/Maintenance	120,011	135,000	32,991	(102,009)	135,000	125,000
Utilities	26,640	30,000	7,527	(22,473)	30,000	40,000
Snow removal	752	10,000	6,178	(3,822)	10,000	10,000
Contingency	-	25,000	-	(25,000)	25,000	25,000
<b>Total Expenditures and Other Uses</b>	<b>199,226</b>	<b>247,500</b>	<b>77,677</b>	<b>(169,822)</b>	<b>248,900</b>	<b>280,900</b>
Ending Fund Balance	\$ -	\$ 7,425	\$ 83,664	\$ 76,237	\$ 7,467	\$ 8,427

THREE SPRINGS METROPOLITAN DISTRICT NO. 3  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 January 1 to December 31, 2016 Budget  
 CAPITAL PROJECTS FUND

	2015					Budget 2016
	Audited 2014		2015			
	Budget	Jan to Jun	Over (Under) Budget	Estimated Totals for 2015		
Beginning Fund Balance	\$ 107,574	\$ 80,699	\$ 76,124	\$ 80,699	\$ -	
Revenues and Other Sources						
Developer advances	1,602,860	-	(548,425)	451,220	780,000	
Total Revenues and Other Sources	1,710,434	80,699	(472,301)	531,918	780,000	
Expenditures and Other Uses						
Capital outlay	1,629,735	27,510	(480,490)	486,918	\$ 735,000	
Contingency	-	-	(45,000)	45,000	\$ 45,000	
Total Expenditures and Other Uses	1,629,735	27,510	(525,490)	531,918	780,000	
Ending Fund Balance	\$ 80,699	\$ 53,189	\$ 53,189	\$ -	\$ -	

THREE SPRINGS METROPOLITAN DISTRICT NO. 3  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 January 1 to December 31, 2016 Budget  
 DEBT SERVICE FUND

	2015					
	Audited 2014	Budget	Jan to Jun	Over (Under) Budget	Estimated Totals for 2015	Budget 2016
Beginning Fund Balance	\$ 3,325,078	\$ 2,659,805	\$ 2,701,040	\$ 41,235	\$ 2,701,040	\$ 2,125,420
Revenues and Other Sources						
Transfers from Dist No. 1	590,151	641,677	613,469	(28,208)	641,680	759,930
Medical office building fees	97,875	97,875	97,875	-	97,875	112,023
Interest income	3,329	3,500	1,700	(1,800)	3,500	3,500
Transfer from developer	-	-	-	-	-	35,552
Total Revenues and Other Sources	<u>4,016,433</u>	<u>3,402,857</u>	<u>3,414,085</u>	<u>11,228</u>	<u>3,444,095</u>	<u>3,036,424</u>
Expenditures and Other Uses						
Bond interest	1,309,363	1,308,975	654,493	(654,482)	1,308,975	1,308,588
Bond principal	5,000	5,000	-	(5,000)	5,000	5,000
Bank service charges	-	1,600	523	(1,077)	1,600	1,600
Trustee fees	1,030	3,100	-	(3,100)	3,100	3,100
Total Expenditures and Other Uses	<u>1,315,393</u>	<u>1,318,675</u>	<u>655,016</u>	<u>(663,659)</u>	<u>1,318,675</u>	<u>1,318,288</u>
Ending Fund Balance	<u>\$ 2,701,040</u>	<u>\$ 2,084,182</u>	<u>\$ 2,759,069</u>	<u>\$ 674,887</u>	<u>\$ 2,125,420</u>	<u>\$ 1,718,136</u>

**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 2016 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 13, 2015, 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:

<b>General Fund:</b>	<b>\$280,900</b>
<b>Capital Projects Fund:</b>	<b>\$780,000</b>
<b>Debt Service Fund:</b>	<b>\$1,318,288</b>
<b>Total</b>	<b>\$2,379,188</b>



That estimated revenues are as follows:

**General Fund:**

From unappropriated surpluses	\$7,467
From inter-district transfers	\$95,547
From Mercy Housing building fees	\$5,825
From developer advances	\$180,488
Total	\$289,327

**Capital Projects Fund:**

From unappropriated surpluses	\$0
From developer advances	\$780,000
From sources other than general property tax	\$0
Total	\$780,000

**Debt Service Fund:**

From unappropriated surpluses	\$2,125,420
From inter-district transfers	\$759,930
From Medical Office building fees	\$112,023
Interest income	\$3,500
From developer advances	\$35,552
Total	\$3,036,424

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 2016 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:

<b>General Fund:</b>	<b>\$280,900</b>
<b>Capital Projects Fund:</b>	<b>\$780,000</b>
<b>Debt Service Fund:</b>	<b>\$1,318,288</b>
<b>Total</b>	<b>\$2,379,188</b>

Adopted this 13th day of October, 2015.

**THREE SPRINGS METROPOLITAN  
DISTRICT No. 3**

By:   
**Patrick Morrissey, Chairman**

**ATTEST:**

By:   
**Regina Dunn, Treasurer**