

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

2019 Budget Message

Introduction

The District was formed in December 2008 for the purpose of providing design, financing, acquisition, and construction of certain infrastructure improvements.

The 2019 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2019 fiscal year based on available revenues. This budget provides for the general operation of the District and facilitation of capital project expenditures.

The Board of Directors authorized adjustment of the District mill levy in accordance with the Colorado Constitution, Article X, Section 3 (the “Gallagher Adjustment”). The Gallagher Adjustment and the District’s Service Plan authorize an adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2001, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The adjustment to the Maximum Debt Mill Levy is determined by the Board so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The Colorado General Assembly passed House Bill 17-1349 setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property taxes commencing on and after January 1, 2017, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property. The Gallagher Adjustment for the District allows for a total mill levy imposition, as noted in the following paragraph, so the District’s revenue is neither diminished nor enhanced.

The District’s assessed value increased by \$3,628,311 to \$13,180,821. The District certified a 2019 mill levy of 52.758 mills, with 5.392 mills dedicated to the General Fund, 47.347 mills to the Debt Service Fund and 0.019 mills for Refunds and Abatements.

Budgetary Basis of Accounting

The District uses funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the District’s funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

The General Fund is used to account for resources traditionally associated with government such as property taxes, specific ownership tax, and expenditures which include District administration, legal services, and other expenses related to statutory operations of a local government.

The Debt Service Fund is used to account for principal and interest and associated costs for long term debt. The primary revenue source is property taxes along with specific ownership taxes and interest income. In 2016 the District issued 2016A General Obligation Bonds and 2016B Subordinate Cash Flow Bonds. The combined schedule of principal and interest is presented below:

Great Western Park Metropolitan District No. 2			
\$11,045,000			
Bonds Principal and Interest Maturing in the Year Ending December 31,	Series 2016A GO and \$ 1,555,000 2016B Subordinate Cash Flow Bonds*		
	Principal	Interest	Total
2019	-	653,338	653,338
2020	55,000	653,338	708,338
2021	145,000	651,138	796,138
2022	165,000	645,338	810,338
2023-2027	1,035,000	3,116,888	4,151,888
2028-2032	1,500,000	2,835,938	4,335,938
2033-2038	2,120,000	2,402,188	4,522,188
2038-2042	2,940,000	1,794,188	4,734,188
2043-2046	4,640,000	848,450	5,488,450
	<u>\$ 12,600,000</u>	<u>\$ 13,600,800</u>	<u>\$ 26,200,800</u>

*2016B are Subordinate Cash Flow Bonds

The Capital Projects Fund is used to account for revenues and expenditures to complete capital projects such as new improvements and upgrades to existing infrastructure. The primary source of revenue is monies from the project fund that was established with the 2016 Bond issuance.

Emergency Reserve

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

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2
Assessed Value, Property Tax and Mill Levy Information

	2017		2018		2019	
	Actual		Adopted Budget		Adopted Budget	
Assessed Valuation	\$	5,702,080	\$	9,553,490	\$	13,180,821
Mill Levy						
General Fund		5.000		5.392		5.392
Debt Service Fund		42.827		46.185		47.347
Temporary Mill Levy Reduction		-		-		-
Refunds and Abatements		-		-		0.019
Total Mill Levy		47.827		51.577		52.758
Property Taxes						
General Fund	\$	28,510	\$	51,512	\$	71,071
Debt Service Fund		244,203		441,228		624,072
Temporary Mill Levy Reduction		-		-		-
Refunds and Abatements		-		-		250
Actual/Budgeted Property Taxes	\$	272,713	\$	492,740	\$	695,393

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

GENERAL FUND

2019 Adopted Budget

with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated

	2017 Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
BEGINNING FUND BALANCE	\$ -	11,030	\$ 5,813	\$ 18,200
REVENUE				
Property Tax Revenue	28,484	51,507	51,507	71,071
Specific Ownership Taxes	1,870	1,850	2,300	2,300
Developer Advance	1,949	-	-	-
Interest Income	222	30	450	400
Total Revenue	32,525	53,387	54,257	73,771
Total Funds Available	32,525	64,417	60,070	91,971
EXPENDITURES				
Accounting	4,092	7,500	8,371	7,500
Audit	4,388	5,500	4,110	5,500
Election	-	1,000	823	-
Insurance/SDA Dues	3,113	3,500	3,028	3,500
Legal	10,850	11,000	11,000	11,000
Management	3,136	10,500	7,500	10,500
Miscellaneous	705	1,500	4,663	1,500
Treasurer's Fees	427	773	773	1,066
Total Expenditures	26,712	41,273	40,268	40,566
Transfers and Other (Uses)				
Transfer to District No. 1	-	-	-	-
Emergency Reserve	-	1,602	1,602	2,213
Total Expenditures Requiring Appropriation	26,712	42,875	41,870	42,779
ENDING FUND BALANCE	\$ 5,813	\$ 21,542	\$ 18,200	\$ 49,192

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

DEBT SERVICE FUND

2019 Adopted Budget

with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated

	2017 Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
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BEGINNING FUND BALANCE	\$ 1,992,377	\$ 1,687,704	\$ 1,726,466	\$ 1,552,193
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REVENUE

Property Tax Revenue	243,980	441,183	441,183	624,072
Specific Ownership Taxes	16,016	28,500	20,000	28,500
Interest Income	21,105	10,000	30,000	25,000
Transfer from Capital Projects	-	-	-	-
Transfer from District 1	-	-	-	-

Total Revenue	281,101	479,683	491,183	677,572
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Total Funds Available	2,273,478	2,167,387	2,217,649	2,229,765
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EXPENDITURES

2016 A Interest	540,600	540,600	540,600	540,600
2016 B Interest	-	112,738	112,738	112,738
Paying Agent/Trustee Fees	2,750	5,500	5,500	5,500
Treasurer's Fees	3,661	6,618	6,618	9,361
Transfer to District No. 1	-	-	-	-

Total Expenditures	547,011	665,456	665,456	668,199
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Total Expenditures Requiring Appropriation

547,011	665,456	665,456	668,199
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ENDING FUND BALANCE	\$ 1,726,466	\$ 1,501,931	\$ 1,552,193	\$ 1,561,566
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GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

CAPITAL PROJECTS FUND 2019 Adopted Budget with 2017 Actual, 2018 Adopted Budget, and 2018 Estimated

	2017 Actual	2018 Adopted Budget	2018 Estimated	2019 Adopted Budget
BEGINNING FUND BALANCE	\$ 2,050,575	\$ 2,066,590	\$ 2,071,108	\$ 20,544
REVENUE				
Developer Advance	-	-	-	3,978,956
Interest Income	21,552	10,000	26,026	500
Total Revenue	21,552	10,000	26,026	3,979,456
Total Funds Available	2,072,127	2,076,590	2,097,134	4,000,000
EXPENDITURES				
Accounting	658	-	-	-
Legal	260	-	-	-
Management	100	-	-	-
Capital Outlay	-	2,076,590	2,076,590	4,000,000
Total Expenditures	1,018	2,076,590	2,076,590	4,000,000
Transfers and Other (Uses)				
Transfer to Debt Service	-	-	-	-
Total Expenditures Requiring Appropriation	1,018	2,076,590	2,076,590	4,000,000
ENDING FUND BALANCE	\$ 2,071,108	\$ -	\$ 20,544	\$ -