

# **SWEETGRASS METROPOLITAN DISTRICT NO. 3**

## **2019 BUDGET**

### **SUMMARY OF SIGNIFICANT ASSUMPTIONS**

#### **Services Provided**

In accordance with its Service Plan, Sweetgrass Metropolitan District No. 3 (the "District"), was formed to provide funding to Sweetgrass Metropolitan District No. 1 for the construction, operation and maintenance of public improvements within the commercial area of the property known as "Sweetgrass," which is located in Dacono, Colorado. Such public improvements include, but are not limited to, storm drainage, water, sewer, utilities, streets, traffic and safety controls, and parks and recreation improvements.

The Service Plan, as modified in 2009, provides the ability for the District to impose a maximum mill levy for the combined debt service and operational and maintenance requirements of the District. The Service Plan also provides limits on the issuance of general obligation debts for the District of \$10,395,000.

In 2018, District No. 2 refunded the entire balance of its Series 2016A Limited Tax General Obligation Loan with ZB, N.A. d/b/a Vectra Bank Colorado. The payoff of this loan allowed the District to terminate its pledge agreement with District No. 2.

The District prepares its budget on the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

#### **Revenue**

##### **Ad Valorem Property Taxes**

The primary source of revenue for the District is property taxes. Property taxes are assessed and collected based upon the assessed value of all of the non-exempt property located within the District. The District adopts mill levies for debt service and for operations which, when combined with the District's other sources of revenue, provide sufficient resources to pay the required debt service (if any), capital purchases and the estimated costs of operations for the calendar year.

The District adopted a mill levy of 20.000 mills for operating expenses in 2019.

The total taxable assessed valuation within the District in 2018 was \$2,230,040, a decrease of \$687,020 from the 2017 valuation.

##### **Specific Ownership Tax**

Specific ownership tax revenue is collected on annual motor vehicle registrations within Weld County and is distributed based upon the proportion of property taxes levied within the County during the preceding calendar year. The specific ownership tax revenue is estimated to be 5% of the ad valorem property taxes collected in 2019.

#### **Expenditures**

##### **Transfers to District Nos. 1 and 2**

The District projects that it will transfer approximately \$10,000 in revenue to District No. 1 in 2019 to fund operating expenses and capital improvement expenses of the Districts.

##### **Administrative**

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years.

### **Reserve Funds**

The District has provided for an emergency reserve equal to \$105,365, which is intended for use on any unanticipated expenditures in 2019. Such emergency reserve is an integral part of the Ending Fund Balance.

### **Leases**

The District has no operating or capital leases.