

## **SWEETGRASS METROPOLITAN DISTRICT NO. 2**

2017 BUDGET

### **SUMMARY OF SIGNIFICANT ASSUMPTIONS**

#### **Services Provided**

In accordance with its Service Plan, Sweetgrass Metropolitan District No. 2 (the "District") was formed to finance public roadway, drainage, and park services and facilities for the residential component of the "Sweetgrass" P.U.D., located in Dacono, Colorado. The Service Plan of the District limits the debt and general mill levy of the District.

In 2009, the Service Plan underwent a First Modification which limited the amount of debt that District No. 2 could issue to \$31,925,000 and limited the amount of debt that District No. 3 could issue to \$10,395,000. District No. 2 secured up to \$8,000,000 from Vectra Bank in a Limited Tax General Obligation Loan in 2016. The proceeds, after costs of issuance and reserves, were used to pay off the principal balance and accrued interest on the 2010 Limited Tax Revenue Bonds that were previously issued by District No. 2. The remaining proceeds were transferred to District No. 1 to pay accrued interest on the Bond Anticipation Notes that were previously issued by District No. 1 and to repay a portion of the outstanding Developer Advances.

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**

##### **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 required debt service and the estimated costs of operations for the calendar year. The District adopted a mill levy of 35.102 mills for debt service and 14.898 mills for operations in 2017. The total assessed value within the District in 2016 decreased by \$432,640 from the 2015 level.

##### **Specific Ownership Taxes**

This revenue is based on a sharing of the collection of vehicle ownership taxes pooled by Weld County. The estimate is based on 4.85% of the projected property taxes.

#### **Expenditures**

##### **Administrative**

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

##### **Transfers to District No. 1**

The District is obligated to transfer all of its revenue, net of its own debt service requirements, to District No. 1, for the payment of debt service and allocated administrative costs.

**Debt Service**

In 2016, the District refinanced its 2010 Limited Tax Revenue Obligation Bonds with a secured \$8,000,000 loan commitment from Vectra Bank, of which \$4,912,950 has been borrowed by the District. The 2017 budget includes debt service on the Vectra Loan in the amount of \$46,949 for principal payments and \$187,794 for interest payments.

**Reserve Funds**

The District has provided for an emergency reserve equal to \$54,119 for 2017 to cover any unanticipated expenditures. Such emergency reserve is an integral part of the Ending Fund Balance.

**Leases**

The District has no operating or capital leases.