

SWEETGRASS METROPOLITAN DISTRICT NO. 1

2022 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Sweetgrass Metropolitan District No. 1 (the "District"), was formed to manage the administration, operation, maintenance, construction, acquisition and installation of public improvements within the property known as "Sweetgrass", located in Dacono, Colorado. 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 amended and restated in 2021, 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 District Nos. 1 and 3 of \$47,000,000 and District No. 2 of \$11,500,000.

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

Transfers from District No. 3

The District expects to receive revenues of approximately \$40,000 from District No. 3, derived from ad valorem property taxes collected by the District No. 3.

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.

Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy limit is 55.663 mills in 2022. The District adopted a mill levy of 55.663 mills for general fund expenditures in 2022.

The total taxable assessed valuation within the District in 2021 was \$40, the same valuation as the 2020 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 6.00% of the ad valorem property taxes collected in 2022.

Expenditures

Administrative

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

Capital Outlay

The District anticipates expenditures of \$400,000 for capital improvements in 2022.

Reserve Funds

The District has provided for an emergency reserve equal to \$48,778, which is intended for use on any unanticipated expenditures in 2022. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.