

# **SWEETGRASS METROPOLITAN DISTRICT NO. 1**

## **2020 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," 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 Sweetgrass Metropolitan District No. 2 of \$31,295,000 and Sweetgrass Metropolitan District No. 3 of \$10,395,000.

In 2018, District No. 2 issued the Series 2018C Subordinate Limited Tax General Obligation Bond ("2018C Bond") to Dacono Development Company, Inc. (the "Developer") in a principal amount not to exceed \$11,000,000. The 2018C Bond is intended to memorialize the agreement of the Districts to repay any current and future Developer advances. Any proceeds from the 2018C Bond will be transferred from District No. 2 to the District from time to time in order to fund public capital improvements.

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 \$100,000 from District No. 3 in 2020, which will mainly be derived from ad valorem property taxes collected by 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 increased to 55.663 mills. The District adopted a mill levy of 55.663 mills for general fund expenditures in 2020.

The total taxable assessed valuation within the District in 2019 was \$5,130, a decrease of \$120 from the 2018 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 6.75% of the ad valorem property taxes collected in 2020.

## **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 \$1,850,000 for capital improvements in 2020.

### **Reserve Funds**

The District has provided for an emergency reserve equal to \$71,124, which is intended for use on any unanticipated expenditures in 2020. Such emergency reserve is an integral part of the Ending Fund Balance.

### **Leases**

The District has no operating or capital leases.