

SWEETGRASS METROPOLITAN DISTRICT NO. 3

2010 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Sweetgrass Metropolitan District No. 3 (the "District") was formed to finance public roadway and drainage facilities for the commercial 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 District voters approved debt authorization of \$9,450,000 in general obligation bonds for District No. 3, to be used for district formation costs and costs of infrastructure. The District has not issued any general obligation debt to date and does not anticipate issuing general obligation debt in 2010.

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 only source of revenue for the District is property taxes. The District adopted a mill levy of 15.00 for debt service and 3.00 for operations and maintenance for the collection of ad valorem taxes for 2010.

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 net revenue to District No. 1, for the payment of debt service and allocated administrative costs.

Leases

The District has no operating or capital leases.