

ERIE COMMONS METROPOLITAN DISTRICT NO. 2

2017 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

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

In 2004, the Town of Erie approved a general obligation debt limit of \$23,500,000 for the combined Districts No. 1 and 2, to be used for district formation costs and costs of infrastructure.

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 the required debt service and the estimated costs of operations for the calendar year. The District adopted a mill levy of 29.728 mills for debt service and capital purchases and 20.272 mills for operations in 2017. The total assessed value within the District in 2016 decreased by \$1,047,960 from the 2015 level due to declines in oil and gas valuations.

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 previous years.

Transfers to Erie Commons Metropolitan District No. 1

The District is obligated to make payments to District No. 1 for debt service, capital and administrative costs.

Reserve Funds

The District has provided for an emergency reserve equal to \$19,761 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.