

## **ERIE COMMONS METROPOLITAN DISTRICT NO. 2**

### **2019 BUDGET**

#### **SUMMARY OF SIGNIFICANT ASSUMPTIONS**

##### **Services Provided**

In accordance with its Service Plan, Erie Commons Metropolitan District No. 2 (the "District"), was formed to provide the funding and tax base needed to support the financing of the operations and capital improvements for the property known as "Erie Commons," which is located in Erie, Colorado. Such improvements include, but are not limited to, sanitation, water, wastewater, streets, traffic and safety controls, and parks and recreation improvements.

The Service Plan provides the ability for the District to impose a maximum mill levy for its debt service requirements as well as a maximum aggregate mill levy for combined debt service and operational and maintenance requirements of the District. The Service Plan also provides a combined new money revenue and general obligation debt limit of \$23,500,000 for Erie Commons District Nos. 1 and 2, exclusive of surety requirements, but inclusive of organizational costs, financing costs and costs of construction and operation of public infrastructure.

In 2009, District No. 1 issued Limited Property Tax Supported Revenue Refunding Bonds in the aggregate principal amount of \$8,500,000. In connection with the issuance of the Series 2009 Bonds, the District pledged certain revenues to District No. 1 for the required debt service on the Bonds.

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**

###### **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.

Commencing on January 1, 2018, the residential assessment ratio was reduced from 7.96% to 7.20%. Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy limit increased by the same ratio, to a maximum of 55.275 mills. The District adopted a mill levy of 27.777 mills for debt service and 27.498 mills for operating expenses in 2019.

The total taxable assessed valuation within the District in 2018 was \$24,965,080, an increase of \$278,240 from the 2017 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 5% of the ad valorem property taxes collected in 2019.

## **Expenditures**

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

The District projects that it will transfer approximately \$1,427,726 in revenue derived from ad valorem property taxes and specific ownership taxes to District No. 1 in 2019 to fund operating expenses and the debt service obligations of the Districts.

### **Administrative**

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

### **Reserve Funds**

The District has provided for an emergency reserve equal to \$105,373, which is intended for use on any unanticipated expenditures in 2019. Such emergency reserve is an integral part of the Ending Fund Balance.

### **Leases**

The District has no operating or capital leases.