

# **ERIE COMMONS METROPOLITAN DISTRICT NO. 1**

## **2018 BUDGET**

### **SUMMARY OF SIGNIFICANT ASSUMPTIONS**

#### **Services Provided**

In accordance with its Service Plan, Erie Commons Metropolitan District No. 1 (the "District"), was formed to manage the construction and operation of facilities and 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, the District 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, District No. 2 pledged certain revenues to District No. 1 for the required debt service on the Bonds.

In 2010, the District authorized the issuance and sale of Subordinate Bond Anticipation Notes ("Notes") in an aggregate principal amount not to exceed \$15,275,000 to Community Development Group of Erie, Inc., the Developer of Erie Commons. The Series 2010 Notes are to be paid from the proceeds of subsequent debt issuance(s), or from any revenues made available to the District by District No. 2.

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. 2**

The District expects to receive revenues of approximately \$1,369,973 from District No. 2 in 2018, which will mainly be derived from ad valorem property taxes collected by District No. 2. This revenue will be used to fund operating expenses and the debt service obligations of the Districts.

##### **Developer advances**

The District anticipates receiving Developer advances totaling \$500,000 to fund capital improvements in 2018.

##### **Ad Valorem Property Taxes**

Another 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 mill levy cap was automatically adjusted by the same ratio, to a maximum of 55.275 mills. The District adopted a mill levy of 55.275 mills for general fund expenditures in 2018.

### **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 2018.

### **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 \$505,000 for capital improvements in 2018.

#### **Debt Service**

The District will fund its 2018 debt service obligations on the Series 2009 Bonds, which includes the payment of \$240,000 in principal and \$478,913 in interest.

The District also expects to make one or more payments in 2018, totaling approximately \$598,650, toward the outstanding accrued interest balance on the Series 2010 Notes.

### **Reserve Funds**

The District has provided for an emergency reserve equal to \$542,478 for 2018. Of this reserve amount, \$500,000 is a required interest reserve on the Series 2009 Bonds and the remaining \$42,478 is intended for use on any unanticipated expenditures in 2018. Such emergency reserve is an integral part of the Ending Fund Balance.

### **Leases**

The District has no operating or capital leases.