

## **MORGAN HILL METROPOLITAN DISTRICT NO. 3**

### **2016 BUDGET**

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

##### **Services Provided**

In accordance with its Service Plan, Morgan Hill Metropolitan District No. 3 (the "District") was formed to finance public roadway, drainage, and park services and facilities for a portion of the "Morgan Hill" P.U.D., located in Erie, 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 \$21,000,000 in general obligation bonds for the combined District Nos. 1, 2 and 3, to be used for district formation costs and costs of infrastructure. The District has not issued any G.O. debt to date and does not anticipate issuing G.O. debt in 2016.

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 (if any), capital purchases and the estimated costs of operations for the calendar year. The District adopted a mill levy of 50 mills for general fund obligations in 2016. The total assessed value within the District in 2015 decreased by \$479,130 from the 2014 level.

###### **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 7.0% of the projected property taxes.

##### **Expenditures**

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

The District is obligated to transfer all of its net revenue to District No. 1, if needed, for the payment of debt service and allocated administrative costs.

###### **Construction Reserve**

The District will provide net revenues to District No. 1 to cover infrastructure costs in 2016.

###### **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 \$4,361 for 2016 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.