

LYONS RIDGE METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2024

**LYONS RIDGE METROPOLITAN DISTRICT
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

11/27/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 9/30/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 1,138,416	\$ 1,132,278	\$ 1,187,631	\$ 1,187,631	\$ 1,232,755
REVENUES					
Property taxes	895,915	905,713	905,715	905,715	922,916
Specific ownership taxes	61,998	63,400	49,313	63,400	64,604
Interest income	14,771	22,400	30,561	38,000	47,000
Drainage Fees	10,000	30,000	-	-	-
Landscaping Fees	-	7,500	8,000	10,000	1,000
Minor App Income	1,650	500	150	500	300
New Development Fees	10,500	10,000	8,500	10,000	5,000
Other revenue	200	6,699	-	6,699	7,000
Total revenues	<u>995,034</u>	<u>1,046,212</u>	<u>1,002,239</u>	<u>1,034,314</u>	<u>1,047,820</u>
TRANSFERS IN	<u>81,140</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total funds available	<u>2,214,590</u>	<u>2,258,490</u>	<u>2,189,870</u>	<u>2,221,945</u>	<u>2,430,575</u>
EXPENDITURES					
General Fund	264,172	343,104	228,762	359,696	361,360
Debt Service Fund	579,574	583,356	187,415	583,356	610,207
Capital Projects Fund	73,844	110,000	35,091	34,138	170,000
Lyons Ridge Design Control Review Committee	13,820	-	-	-	-
Montane Design Control Review Committee	14,409	17,000	9,507	12,000	7,800
Total expenditures	<u>945,819</u>	<u>1,053,460</u>	<u>460,775</u>	<u>989,190</u>	<u>1,149,367</u>
TRANSFERS OUT	<u>81,140</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,026,959</u>	<u>1,133,460</u>	<u>460,775</u>	<u>989,190</u>	<u>1,319,367</u>
ENDING FUND BALANCES	<u>\$ 1,187,631</u>	<u>\$ 1,125,030</u>	<u>\$ 1,729,095</u>	<u>\$ 1,232,755</u>	<u>\$ 1,111,208</u>
EMERGENCY RESERVE	\$ 6,400	\$ 9,500	\$ 9,800	\$ 10,000	\$ 16,200
AVAILABLE FOR OPERATIONS	244,493	143,437	335,706	212,375	212,661
CAPITAL RESERVE	-	20,000	20,000	20,000	20,000
TOTAL RESERVE	<u>\$ 250,893</u>	<u>\$ 172,937</u>	<u>\$ 365,506</u>	<u>\$ 242,375</u>	<u>\$ 248,861</u>

No assurance provided. See summary of significant assumptions.

**LYONS RIDGE METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

11/27/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 9/30/2023	ESTIMATED 2023	BUDGET 2024
ASSESSED VALUATION					
Residential	\$ 16,245,020	\$ 16,614,831	\$ 16,614,831	\$ 16,614,831	\$ 21,898,538
Agricultural	32	29	29	29	30
State assessed	155,094	79,859	79,859	79,859	783
Vacant land	1,628,028	1,307,936	1,307,936	1,307,936	525,573
Personal property	28,226	-	-	-	85,205
Certified Assessed Value	<u>\$ 18,056,400</u>	<u>\$ 18,002,655</u>	<u>\$ 18,002,655</u>	<u>\$ 18,002,655</u>	<u>\$ 22,510,129</u>
MILL LEVY					
General	11.018	16.310	16.310	16.310	21.500
Debt Service	39.000	34.000	34.000	34.000	19.500
Total mill levy	<u>50.018</u>	<u>50.310</u>	<u>50.310</u>	<u>50.310</u>	<u>41.000</u>
PROPERTY TAXES					
General	\$ 198,945	\$ 293,623	\$ 293,623	\$ 293,623	\$ 483,968
Debt Service	704,200	612,090	612,090	612,090	438,948
Levied property taxes	<u>903,145</u>	<u>905,713</u>	<u>905,713</u>	<u>905,713</u>	<u>922,916</u>
Adjustments to actual/rounding	(4,217)	-	2	-	-
Budgeted property taxes	<u>\$ 895,915</u>	<u>\$ 905,713</u>	<u>\$ 905,715</u>	<u>\$ 905,713</u>	<u>\$ 922,916</u>
BUDGETED PROPERTY TAXES					
General	<u>\$ 197,352</u>	<u>\$ 293,623</u>	<u>\$ 293,624</u>	<u>\$ 293,623</u>	<u>\$ 483,968</u>
Debt Service	<u>698,563</u>	<u>612,090</u>	<u>612,091</u>	<u>612,090</u>	<u>438,948</u>
	<u>\$ 895,915</u>	<u>\$ 905,713</u>	<u>\$ 905,715</u>	<u>\$ 905,713</u>	<u>\$ 922,916</u>

No assurance provided. See summary of significant assumptions.

**LYONS RIDGE METROPOLITAN DISTRICT
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

11/27/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 9/30/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 384,589	\$ 261,789	\$ 250,893	\$ 250,893	\$ 222,375
REVENUES					
Property taxes	197,352	293,623	293,624	293,624	483,968
Specific ownership taxes	13,657	20,554	15,987	20,554	33,878
Interest income	127	75	13,764	17,000	20,000
Other revenue	200	-	-	-	-
Total revenues	<u>211,336</u>	<u>314,252</u>	<u>323,375</u>	<u>331,178</u>	<u>537,846</u>
TRANSFERS IN					
Transfers from other funds	<u>140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>596,065</u>	<u>576,041</u>	<u>574,268</u>	<u>582,071</u>	<u>760,221</u>
EXPENDITURES					
General and administrative					
Accounting	25,200	28,800	21,600	28,800	30,300
Auditing	4,700	5,200	4,900	5,200	5,600
County Treasurer's fee	2,962	4,404	4,407	4,404	7,260
Communication & Technology	-	3,500	2,831	3,500	3,500
Contingency	-	10,000	-	10,000	10,000
District management	46,311	50,000	45,081	65,000	60,000
Dues and membership	582	700	558	700	700
Election	6,634	8,000	16,678	16,655	-
Insurance	2,529	3,000	3,907	3,907	4,500
Legal	26,005	35,000	18,819	27,000	25,000
Miscellaneous	3,987	500	88	500	500
Operations and maintenance					
Detention pond maintenance	-	-	-	-	4,000
Ejector Pump Contract	-	18,000	18,030	18,030	18,000
Landscaping	49,342	66,000	38,581	66,000	85,000
Miscellaneous Landscape	41,844	30,000	22,667	30,000	50,000
Miscellaneous Repairs	8,404	15,000	9,095	15,000	15,000
Mulch	-	22,000	-	22,000	-
O&M labor	9,551	-	-	-	-
Snow removal	12,199	10,000	2,926	10,000	12,000
Utilities	23,922	33,000	18,594	33,000	30,000
Total expenditures	<u>264,172</u>	<u>343,104</u>	<u>228,762</u>	<u>359,696</u>	<u>361,360</u>
TRANSFERS OUT					
Transfers to other fund	<u>81,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>
Total expenditures and transfers out requiring appropriation	<u>345,172</u>	<u>423,104</u>	<u>228,762</u>	<u>359,696</u>	<u>531,360</u>
ENDING FUND BALANCES	<u>\$ 250,893</u>	<u>\$ 152,937</u>	<u>\$ 345,506</u>	<u>\$ 222,375</u>	<u>\$ 228,861</u>
EMERGENCY RESERVE	\$ 6,400	\$ 9,500	\$ 9,800	\$ 10,000	\$ 16,200
AVAILABLE FOR OPERATIONS	<u>244,493</u>	<u>143,437</u>	<u>335,706</u>	<u>212,375</u>	<u>212,661</u>
TOTAL RESERVE	<u>\$ 250,893</u>	<u>\$ 152,937</u>	<u>\$ 345,506</u>	<u>\$ 222,375</u>	<u>\$ 228,861</u>

No assurance provided. See summary of significant assumptions.

**LYONS RIDGE METROPOLITAN DISTRICT
 LYONS RIDGE DESIGN CONTROL REVIEW COMMITTEE
 2024 BUDGET
 WITH 2022 ACTUAL AND 2023 ESTIMATED
 For the Years Ended and Ending December 31,**

11/27/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 9/30/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 12,910	\$ -	\$ -	\$ -	\$ -
REVENUES					
Minor App Income	1,050	-	-	-	-
Total revenues	<u>1,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>13,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Operations and maintenance					
DRC Management	13,255	-	-	-	-
Operating Expenditures	565	-	-	-	-
Total expenditures	<u>13,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TRANSFERS OUT					
Transfers to other fund	<u>140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>13,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**LYONS RIDGE METROPOLITAN DISTRICT
MONTANE DESIGN CONTROL REVIEW COMMITTEE
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

	ACTUAL 2022	BUDGET 2023	ACTUAL 9/30/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 22,873	\$ 23,873	\$ 19,564	\$ 19,564	\$ 31,564
REVENUES					
Interest income	-	-	2,538	3,500	4,000
Landscaping Fees	-	7,500	8,000	10,000	1,000
Minor App Income	600	500	150	500	300
New Development Fees	10,500	10,000	8,500	10,000	5,000
Total revenues	<u>11,100</u>	<u>18,000</u>	<u>19,188</u>	<u>24,000</u>	<u>10,300</u>
Total funds available	<u>33,973</u>	<u>41,873</u>	<u>38,752</u>	<u>43,564</u>	<u>41,864</u>
EXPENDITURES					
General and administrative					
Covenant Enforcement	800	2,000	-	2,000	1,000
Operations and maintenance					
DRC Management	4,000	7,000	-	-	-
Operating Expenditures	9,609	8,000	9,507	10,000	6,800
Total expenditures	<u>14,409</u>	<u>17,000</u>	<u>9,507</u>	<u>12,000</u>	<u>7,800</u>
Total expenditures and transfers out requiring appropriation	<u>14,409</u>	<u>17,000</u>	<u>9,507</u>	<u>12,000</u>	<u>7,800</u>
ENDING FUND BALANCES	<u>\$ 19,564</u>	<u>\$ 24,873</u>	<u>\$ 29,245</u>	<u>\$ 31,564</u>	<u>\$ 34,064</u>

No assurance provided. See summary of significant assumptions.

**LYONS RIDGE METROPOLITAN DISTRICT
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

11/27/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 9/30/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 512,346	\$ 688,431	\$ 694,320	\$ 694,320	\$ 787,600
REVENUES					
Property taxes	698,563	612,090	612,091	612,091	438,948
Specific ownership taxes	48,341	42,846	33,326	42,846	30,726
Interest income	14,644	22,325	12,518	15,000	20,000
Other revenue	-	6,699	-	6,699	7,000
Total revenues	<u>761,548</u>	<u>683,960</u>	<u>657,935</u>	<u>676,636</u>	<u>496,674</u>
Total funds available	<u>1,273,894</u>	<u>1,372,391</u>	<u>1,352,255</u>	<u>1,370,956</u>	<u>1,284,274</u>
EXPENDITURES					
General and administrative					
County Treasurer's fee	10,485	9,181	9,186	9,181	6,584
Banking fees	62	100	31	100	100
Contingency	-	6,699	-	6,699	7,000
Loan Interest	364,027	357,376	178,198	357,376	351,523
Loan Principal	205,000	210,000	-	210,000	245,000
Total expenditures	<u>579,574</u>	<u>583,356</u>	<u>187,415</u>	<u>583,356</u>	<u>610,207</u>
Total expenditures and transfers out requiring appropriation	<u>579,574</u>	<u>583,356</u>	<u>187,415</u>	<u>583,356</u>	<u>610,207</u>
ENDING FUND BALANCES	<u>\$ 694,320</u>	<u>\$ 789,035</u>	<u>\$ 1,164,840</u>	<u>\$ 787,600</u>	<u>\$ 674,067</u>

No assurance provided. See summary of significant assumptions.

**LYONS RIDGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

11/27/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 9/30/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 205,698	\$ 158,185	\$ 222,854	\$ 222,854	\$ 191,216
REVENUES					
Drainage Fees	10,000	30,000	-	-	-
Interest income	-	-	1,741	2,500	3,000
Total revenues	<u>10,000</u>	<u>30,000</u>	<u>1,741</u>	<u>2,500</u>	<u>3,000</u>
TRANSFERS IN					
Transfers from other funds	<u>81,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total funds available	<u>296,698</u>	<u>268,185</u>	<u>224,595</u>	<u>225,354</u>	<u>344,216</u>
EXPENDITURES					
Capital Projects					
Capital outlay	5,515	15,000	1,918	1,918	130,000
Montane Pond Improvements	10,884	35,000	-	-	-
Playground	2,310	60,000	33,173	32,220	40,000
Tract D Stair	55,135	-	-	-	-
Total expenditures	<u>73,844</u>	<u>110,000</u>	<u>35,091</u>	<u>34,138</u>	<u>170,000</u>
Total expenditures and transfers out requiring appropriation	<u>73,844</u>	<u>110,000</u>	<u>35,091</u>	<u>34,138</u>	<u>170,000</u>
ENDING FUND BALANCES	<u>\$ 222,854</u>	<u>\$ 158,185</u>	<u>\$ 189,504</u>	<u>\$ 191,216</u>	<u>\$ 174,216</u>
CAPITAL RESERVE	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>

No assurance provided. See summary of significant assumptions.

**LYONS RIDGE METROPOLITAN DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Jefferson County on November 18, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by Jefferson County. The District's service area is located in Jefferson County, Colorado.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements. These improvements include streets, water and sanitation facilities, park and recreation, safety and public transportation.

On November 2, 2010, the District's voters authorized total indebtedness of \$67,590,000 for the above listed facilities. The District's voters also authorized total indebtedness of \$33,795,000 for debt refunding. The election also approved an annual increase in property taxes of \$1,000,000 without limitation of rate, to pay the District's operation and maintenance costs.

Pursuant to the Service Plan, dated May 4, 2010, the District is permitted to issue indebtedness of up to \$67,690,000. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

The District has no employees and all operations and administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

A significant source of operating revenue is property taxes. Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of taxes levied is displayed on the Property Tax Summary Information page of the budget using the adopted mill levy imposed by the District.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2024, the assessment rate for single family residential property decreases to 6.765% from 6.95%. The rate for multifamily residential property, the newly created subclass, decreases to 6.765% from 6.80%. Agricultural and renewable energy production property remains at 26.40%. Producing oil and gas remains at 87.50%. All other nonresidential property decreases to 27.90% from 29.00%.

**LYONS RIDGE METROPOLITAN DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7.00% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on current interest yields.

Architectural and Design Control Revenues

In order to maintain certain architectural and design standards throughout the community, the District imposes fees, charges and fines for the review, enforcement, monitoring and permitting of these standards.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense. Estimated expenditures related to landscape maintenance and repairs, mowing, parks and open space maintenance, utilities and snow removal were also included in the budget.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the 2020A&B Loan (discussed under Debt and Leases).

Capital Outlay

Anticipated expenditures for capital projects are noted on the Capital Project Fund page of the budget.

Debt and Leases

Loan Agreements

On August, 26, 2020, the District issued \$11,265,000 of General Obligation Refunding Loans Series 2020 to defease the District's Series 2015 Loans. The Series 2020 Loans bear interest at 3.20%, payable semiannually on each June 1 and December 1, commencing on June 1, 2021. The Loans are subject to an early redemption at the option of the District commencing December 1, 2025, at a price equal to the principal amount plus accrued

interest with a redemption premium ranging from 0.00%-2.00%. The Series 2020 Loans are schedule to mature from December 1, 2021 through 2050.

The debt service mill levy is not to exceed 55.090 unless determined by the Board in good faith to increase or decrease the levy to permit the District to fully fund the Series 2020 Loan obligations.

**LYONS RIDGE METROPOLITAN DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Leases

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3.00% of fiscal year spending, as defined under TABOR.

This information is an integral part of the accompanying budget.

**LYONS RIDGE METROPOLITAN DISTRICT
DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2023**

Maturing in the year ending December 31,	\$765,000 General Obligation Refunding Loan, Series 2020A Taxable Interest Rate 3.20% Dated August 26, 2020			\$10,500,000 General Obligation Refunding Loan, Series 2020B Tax-Exempt Interest Rate 3.20% Dated August 26, 2020			Total	
	Interest Payable June 1 and December 1 Principal Payable December 1			Interest Payable June 1 and December 1 Principal Payable December 1			Principal	Interest
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
2024	\$ 245,000	\$ 9,923	\$ 254,923	\$ -	\$ 341,600	\$ 245,000	\$ 351,523	
2025	60,000	1,947	61,947	195,000	340,667	255,000	342,614	
2026	-	-	-	275,000	334,340	275,000	334,340	
2027	-	-	-	285,000	325,417	285,000	325,417	
2028	-	-	-	290,000	317,037	290,000	317,037	
2029	-	-	-	300,000	306,762	300,000	306,762	
2030	-	-	-	310,000	297,029	310,000	297,029	
2031	-	-	-	320,000	286,971	320,000	286,971	
2032	-	-	-	330,000	277,347	330,000	277,347	
2033	-	-	-	345,000	265,882	345,000	265,882	
2034	-	-	-	355,000	254,689	355,000	254,689	
2035	-	-	-	365,000	243,171	365,000	243,171	
2036	-	-	-	375,000	231,962	375,000	231,962	
2037	-	-	-	390,000	219,162	390,000	219,162	
2038	-	-	-	400,000	206,509	400,000	206,509	
2039	-	-	-	415,000	193,531	415,000	193,531	
2040	-	-	-	430,000	180,560	430,000	180,560	
2041	-	-	-	440,000	166,116	440,000	166,116	
2042	-	-	-	455,000	151,840	455,000	151,840	
2043	-	-	-	470,000	137,078	470,000	137,078	
2044	-	-	-	485,000	122,163	485,000	122,163	
2045	-	-	-	500,000	106,093	500,000	106,093	
2046	-	-	-	520,000	89,871	520,000	89,871	
2047	-	-	-	535,000	73,000	535,000	73,000	
2048	-	-	-	555,000	55,795	555,000	55,795	
2049	-	-	-	570,000	37,636	570,000	37,636	
2050	-	-	-	590,000	19,142	590,000	19,142	
	<u>\$ 305,000</u>	<u>\$ 11,869</u>	<u>\$ 316,870</u>	<u>\$ 10,500,000</u>	<u>\$ 5,581,370</u>	<u>\$ 10,805,000</u>	<u>\$ 5,593,240</u>	

No assurance provided. See summary of significant assumptions.