

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

12/27/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 270,550	\$ 783,475	\$ 1,181,643
REVENUES			
Other revenue	85	-	-
Intergovernmental revenue - District No. 1	20,276,932	1,374,394	8,410,172
Intergovernmental revenue - District No. 3	657,298	705,868	707,423
Revenue - CAM	225,895	225,516	226,516
Total revenues	<u>21,160,210</u>	<u>2,305,778</u>	<u>9,344,111</u>
TRANSFERS IN	<u>47,096</u>	<u>13,484</u>	<u>83,484</u>
Total funds available	<u>21,477,856</u>	<u>3,102,737</u>	<u>10,609,238</u>
EXPENDITURES			
General and administrative	164,691	368,610	463,875
Operations and maintenance	245,069	239,000	310,000
Capital projects	20,237,525	1,300,000	8,334,898
Total expenditures	<u>20,647,285</u>	<u>1,907,610</u>	<u>9,108,773</u>
TRANSFERS OUT	<u>47,096</u>	<u>13,484</u>	<u>83,484</u>
Total expenditures and transfers out requiring appropriation	<u>20,694,381</u>	<u>1,921,094</u>	<u>9,192,257</u>
ENDING FUND BALANCES	<u>\$ 783,475</u>	<u>\$ 1,181,643</u>	<u>\$ 1,416,981</u>
EMERGENCY RESERVE	<u>\$ 21,800</u>	<u>\$ 23,500</u>	<u>\$ 23,500</u>
TOTAL RESERVE	<u>\$ 21,800</u>	<u>\$ 23,500</u>	<u>\$ 23,500</u>

No assurance provided. See summary of significant assumptions.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

12/27/22

ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
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ASSESSED VALUATION Certified Assessed Value	\$ - \$ - \$ -
MILL LEVY	
PROPERTY TAXES Budgeted property taxes	\$ - \$ - \$ -
BUDGETED PROPERTY TAXES	\$ - \$ - \$ -

No assurance provided. See summary of significant assumptions.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

12/27/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 270,550	\$ 783,475	\$ 1,181,643
REVENUES			
Other revenue	85	-	-
Intergovernmental revenue - District No. 1	67,329	74,394	75,274
Intergovernmental revenue - District No. 3	657,298	705,868	707,423
Total revenues	<u>724,712</u>	<u>780,262</u>	<u>782,697</u>
Total funds available	<u>995,262</u>	<u>1,563,737</u>	<u>1,964,340</u>
EXPENDITURES			
General and administrative			
Accounting	57,203	66,000	76,000
Auditing	12,600	14,850	15,250
Dues and licenses	2,390	3,400	3,500
Insurance and bonds	13,195	12,880	15,000
District management	18,240	27,500	31,625
Legal services	60,545	35,000	50,000
Miscellaneous	518	350	20,000
Engineering	-	3,925	-
Repay developer advances	-	200,000	250,000
Operations and maintenance			
Election expense	-	2,205	2,500
GF - Capital expenditures	-	2,500	-
Total expenditures	<u>164,691</u>	<u>368,610</u>	<u>463,875</u>
TRANSFERS OUT			
Transfers to other fund	<u>47,096</u>	<u>13,484</u>	<u>83,484</u>
Total expenditures and transfers out requiring appropriation	<u>211,787</u>	<u>382,094</u>	<u>547,359</u>
ENDING FUND BALANCE	<u>\$ 783,475</u>	<u>\$ 1,181,643</u>	<u>\$ 1,416,981</u>
EMERGENCY RESERVE	<u>\$ 21,800</u>	<u>\$ 23,500</u>	<u>\$ 23,500</u>
TOTAL RESERVE	<u>\$ 21,800</u>	<u>\$ 23,500</u>	<u>\$ 23,500</u>

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
SPECIAL REVENUE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/27/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Revenue - CAM	225,895	225,516	226,516
Total revenues	<u>225,895</u>	<u>225,516</u>	<u>226,516</u>
TRANSFERS IN			
Transfers from other funds	<u>19,174</u>	<u>13,484</u>	<u>83,484</u>
Total funds available	<u>245,069</u>	<u>239,000</u>	<u>310,000</u>
EXPENDITURES			
General and administrative			
Accounting	32,842	33,000	37,950
Contingency	-	-	3,500
Miscellaneous	-	-	5,000
District management	10,800	12,000	13,800
Operations and maintenance			
Detention pond	-	-	5,000
Electricity	8,103	12,000	15,000
Landscaping	150,957	125,000	135,000
Portering	9,045	10,000	12,750
Repair and maintenance	-	15,000	25,000
Signage maintenance	-	2,000	2,000
Snow removal	3,433	10,000	20,000
Water	29,889	20,000	35,000
Total expenditures	<u>245,069</u>	<u>239,000</u>	<u>310,000</u>
Total expenditures and transfers out requiring appropriation	<u>245,069</u>	<u>239,000</u>	<u>310,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/27/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Intergovernmental revenue - District No. 1	20,209,603	1,300,000	8,334,898
Total revenues	<u>20,209,603</u>	<u>1,300,000</u>	<u>8,334,898</u>
TRANSFERS IN			
Transfers from other funds	<u>27,922</u>	<u>-</u>	<u>-</u>
Total funds available	<u>20,237,525</u>	<u>1,300,000</u>	<u>8,334,898</u>
EXPENDITURES			
General and Administrative			
Accounting	6,532	7,500	8,625
Capital Projects			
Repay developer advance	19,844,501	-	-
Engineering	2,172	12,372	-
Capital outlay	<u>384,320</u>	<u>1,280,128</u>	<u>8,326,273</u>
Total expenditures	<u>20,237,525</u>	<u>1,300,000</u>	<u>8,334,898</u>
Total expenditures and transfers out requiring appropriation	<u>20,237,525</u>	<u>1,300,000</u>	<u>8,334,898</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Promenade at Castle Rock Metropolitan District No. 2 (“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 the Town of Castle Rock, Douglas County, Colorado on June 23, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized for the purpose of financing and providing public improvements and related operation and maintenance services within and outside of the boundaries of the District. The public improvements include streets, safety protection, park and recreation facilities, water, sanitation, storm sewer, transportation, fire protection, television relay and translation, security services, mosquito control and operations and maintenance. When appropriate, these improvements will be dedicated to the Town of Castle Rock, Douglas County, or other such entities as appropriate for the use and benefit of the District taxpayers and service users. The District, organized in conjunction with two other related Districts – Promenade at Castle Rock Metropolitan District Nos. 1-3. The District's service area is located within the Town of Castle Rock, Douglas County, Colorado.

On November 2, 2021, District voters approved general obligation indebtedness of \$70,000,000 for special assessment debt, \$70,000,000 for street improvements, \$70,000,000 for parks and recreation, \$70,000,000 for water facilities, \$70,000,000 for sanitation and storm drainage system, \$70,000,000 for transportation, \$70,000,000 for fire protection facilities or services, \$70,000,000 for television relay and translation services, \$70,000,000 for security services, \$70,000,000 for mosquito control, \$70,000,000 for traffic and safety, \$70,000,000 for operations and maintenance, \$70,000,000 for intergovernmental contracts, \$70,000,000 for private agreements, \$70,000,000 for mortgages and \$700,000,000 for debt refunding. The election also approved an increase in ad valorem property taxes of up to \$10,000,000 annually and allows the District to collect fees of up to \$10,000,000 annually for operations and maintenance, to collect fees of up to \$10,000,000 annually for capital costs, \$10,000,000 in taxes for intergovernmental agreements, \$10,000,000 in taxes for regional improvements, and \$10,000,000 in taxes for private agreements. The election also allows the District to retain all revenues without regard to the limitation contained in Article X, Section 20 of the Colorado constitution or any other law.

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.

The District has no employees and all administrative functions are contractual.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Intergovernmental Revenue

The District anticipates the collection of taxes in Districts Nos. 1 and 3, which will be transferred to fund administrative and operating and capital infrastructure expenditures.

Common Area Maintenance

The District anticipates the collection of CAM revenue, subsidized with funds transferred from the general fund, to offset additional operations and maintenance expenses in 2023.

Expenditures

General and Administrative

General and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense.

Operations and Maintenance

The District anticipates expenditures associated with the operation and maintenance of certain streets, landscaping and irrigation. The estimated cost of operations and maintenance of these areas are included in the special revenue fund.

Capital Pledge Agreement

The District has entered into a Capital Pledge Agreement (the "Pledge Agreement") with Promenade at Castle Rock Metropolitan District Nos.1 & 3 and US Bank National Association. Pursuant to the Pledge Agreement, the District have covenanted to impose an ad valorem mill levy upon all taxable property of the District as may be needed to pay the 2021 Loan and any other additional obligations.

Capital Outlay

The District anticipates infrastructure improvements during 2023.

Debt and Leases

Developer Advances

The District entered into an Operations Reimbursement Agreement (Operations Agreement) with the Developer. The District agrees to repay the Developer along with accrued interest, at a rate of prime plus 3% on all unpaid amounts. The Operations Agreement does not constitute a multiple-fiscal year obligation.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

The District entered into a Facilities Funding and Acquisition Agreement (Facilities Agreement) with the Developer. The District agrees to repay the Developer along with accrued interest, at a rate of prime plus 3% on all unpaid amounts. The Facilities Agreement does not constitute a multiple-fiscal year obligation.

On April 15, 2021 District No. 1 issued a loan which was used to (a) pay off the 2015A and 2015 B bonds, (b) to repay the Developer Advances accrued under the Facilities Funding and Acquisition Agreement and the associated interest in the amount of \$19,844,501, (c) to fund new construction of infrastructure for the Districts.

	Balance at December 31, 2021	Additions*	Reductions*	Balance at December 31, 2022*
Developer Advances - Operations	\$ 456,041	\$ -	\$ 200,000	\$ 256,041
Accrued Interest: Developer Advances - Operations	190,035	27,521	-	217,556
Total	<u>\$ 646,076</u>	<u>\$ 27,521</u>	<u>\$ 200,000</u>	<u>\$ 473,597</u>

	Balance at December 31, 2022*	Additions	Reductions	Balance at December 31, 2023*
Developer Advances - Operations	\$ 256,041	\$ -	\$ 250,000	\$ 6,041
Accrued Interest: Developer Advances - Operations	217,556	6,930	-	224,486
Total	<u>\$ 473,597</u>	<u>\$ 6,930</u>	<u>\$ 250,000</u>	<u>\$ 230,527</u>

* Estimate

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve to at least 3% of the fiscal year spending for 2023, as defined under TABOR.

This information is an integral part of the accompanying budget.