

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
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	\$ 6,625,867	\$ 13,319,785	\$ 12,546,029
REVENUES			
Property taxes	311,314	348,348	347,189
Specific ownership tax	30,022	27,868	31,247
Interest income	1,378	1,700	3,000
Other revenue	-	-	1,813
Credit - PIF	1,373,829	1,208,340	1,207,816
Add-On - PIF	492,866	525,828	549,007
Intergovernmental revenue - District No. 3	2,629,195	2,822,969	2,829,690
Bond proceeds	64,236,780	-	-
Total revenues	<u>69,075,384</u>	<u>4,935,053</u>	<u>4,969,762</u>
TRANSFERS IN	<u>10,000,000</u>	-	-
Total funds available	<u>85,701,251</u>	<u>18,254,838</u>	<u>17,515,791</u>
EXPENDITURES			
General and administrative	68,263	75,439	78,000
Debt service	61,948,101	4,333,370	3,673,842
Capital projects	365,102	1,300,000	8,334,898
Total expenditures	<u>62,381,466</u>	<u>5,708,809</u>	<u>12,086,740</u>
TRANSFERS OUT	<u>10,000,000</u>	-	-
Total expenditures and transfers out requiring appropriation	<u>72,381,466</u>	<u>5,708,809</u>	<u>12,086,740</u>
ENDING FUND BALANCES	<u>\$ 13,319,785</u>	<u>\$ 12,546,029</u>	<u>\$ 5,429,051</u>
DEBT SERVICE RESERVE	3,097,888	1,475,000	1,475,000
AVAILABLE FOR FUTURE DEBT SERVICE	586,999	2,736,131	3,954,051
TOTAL RESERVE	<u>\$ 3,684,887</u>	<u>\$ 4,211,131</u>	<u>\$ 5,429,051</u>

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
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
ASSESSED VALUATION			
Residential - Multi-Family	\$ 5,465,460	\$ 6,134,700	\$ 5,834,400
Personal property	127,380	123,450	114,180
Certified Assessed Value	<u>\$ 5,592,840</u>	<u>\$ 6,258,150</u>	<u>\$ 5,948,580</u>
MILL LEVY			
General	11.132	11.132	11.673
Debt Service	44.531	44.531	46.692
Total mill levy	<u>55.663</u>	<u>55.663</u>	<u>58.365</u>
PROPERTY TAXES			
General	\$ 62,259	\$ 69,666	\$ 69,438
Debt Service	249,055	278,682	277,751
Levied property taxes	<u>311,314</u>	<u>348,348</u>	<u>347,189</u>
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	<u>\$ 311,314</u>	<u>\$ 348,348</u>	<u>\$ 347,189</u>
BUDGETED PROPERTY TAXES			
General	\$ 62,259	\$ 69,666	\$ 69,438
Debt Service	249,055	278,682	277,751
	<u>\$ 311,314</u>	<u>\$ 348,348</u>	<u>\$ 347,189</u>

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
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	\$ -	\$ -	\$ -
REVENUES			
Property taxes	62,259	69,666	69,438
Specific ownership tax	6,004	5,573	6,249
Interest income	-	200	500
Other revenue	-	-	1,813
Total revenues	<u>68,263</u>	<u>75,439</u>	<u>78,000</u>
Total funds available	<u>68,263</u>	<u>75,439</u>	<u>78,000</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	934	1,045	1,042
Contingency	-	-	1,684
Intergovernmental expenditure - District No. 2	67,329	74,394	75,274
Total expenditures	<u>68,263</u>	<u>75,439</u>	<u>78,000</u>
Total expenditures and transfers out requiring appropriation	<u>68,263</u>	<u>75,439</u>	<u>78,000</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 1
DEBT SERVICE 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	\$ 6,625,867	\$ 3,684,887	\$ 4,211,131
REVENUES			
Property taxes	249,055	278,682	277,751
Specific ownership tax	24,018	22,295	24,998
Interest income	1,378	1,500	2,500
Credit - PIF	1,373,829	1,208,340	1,207,816
Add-On - PIF	492,866	525,828	549,007
Intergovernmental revenue - District No. 3	2,629,195	2,822,969	2,829,690
Bond proceeds	64,236,780	-	-
Total revenues	<u>69,007,121</u>	<u>4,859,614</u>	<u>4,891,762</u>
Total funds available	<u>75,632,988</u>	<u>8,544,501</u>	<u>9,102,893</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	3,736	4,180	4,166
PIF Collection fee	25,000	25,000	25,000
Intergovernmental expenditure - District No. 2	19,844,501	-	-
Debt Service			
Paying agent fees	-	5,000	5,000
Bond interest - Series 2015A	1,803,294	-	-
Bond interest - Series 2015B	288,692	-	-
Bond interest - Series 2021A	1,423,084	2,214,190	2,149,676
Bond principal - Series 2015A	33,145,000	-	-
Bond principal - Series 2015B	2,825,000	-	-
Bond principal - Series 2021A	750,000	2,085,000	1,490,000
Bond issue costs	1,839,794	-	-
Total expenditures	<u>61,948,101</u>	<u>4,333,370</u>	<u>3,673,842</u>
TRANSFERS OUT			
Transfers to other fund	10,000,000	-	-
Total expenditures and transfers out requiring appropriation	<u>71,948,101</u>	<u>4,333,370</u>	<u>3,673,842</u>
ENDING FUND BALANCE	<u>\$ 3,684,887</u>	<u>\$ 4,211,131</u>	<u>\$ 5,429,051</u>
DEBT SERVICE RESERVE	\$ 3,097,888	\$ 1,475,000	\$ 1,475,000
AVAILABLE FOR FUTURE DEBT SERVICE	586,999	2,736,131	3,954,051
TOTAL RESERVE	<u>\$ 3,684,887</u>	<u>\$ 4,211,131</u>	<u>\$ 5,429,051</u>

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
 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	\$ -	\$ 9,634,898	\$ 8,334,898
REVENUES			
Interest income	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
TRANSFERS IN			
Transfers from other funds	<u>10,000,000</u>	<u>-</u>	<u>-</u>
Total funds available	<u>10,000,000</u>	<u>9,634,898</u>	<u>8,334,898</u>
EXPENDITURES			
Capital Projects			
Intergovernmental expenditure - District No. 2	365,102	1,300,000	8,334,898
Total expenditures	<u>365,102</u>	<u>1,300,000</u>	<u>8,334,898</u>
Total expenditures and transfers out requiring appropriation	<u>365,102</u>	<u>1,300,000</u>	<u>8,334,898</u>
ENDING FUND BALANCE	<u>\$ 9,634,898</u>	<u>\$ 8,334,898</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Promenade at Castle Rock Metropolitan District No. 1 (“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 May 28, 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. 2-3. The District's service area is located within the Town of Castle Rock, Douglas County, Colorado.

On May 6, 2014, District voters approved general obligation indebtedness of \$40,000,000 for street improvements, \$40,000,000 for parks and recreation, \$40,000,000 for water facilities, \$40,000,000 for sanitation and storm drainage system, \$40,000,000 for transportation, \$40,000,000 for fire protection facilities or services, \$40,000,000 for television relay and translation services, \$40,000,000 for security services, \$20,000,000 for mosquito control, \$40,000,000 for traffic and safety, \$40,000,000 for operations and maintenance, \$200,000,000 for intergovernmental contracts, \$40,000,000 for private agreements, \$40,000,000 for mortgages, \$40,000,000 for special assessments, and \$200,000,000 for debt refunding. The election also approved an increase in ad valorem property taxes of up to \$5,000,000 annually and allows the District to collect fees of up to \$5,000,000 annually for operations and maintenance, \$40,000,000 in taxes for intergovernmental agreements, \$40,000,000 for private agreements and \$40,000,000 in sales taxes not to exceed 3%. 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. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

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 the taxes levied is displayed on the Property Tax Summary 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 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

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 9% of the property taxes collected.

Credit Public Improvement Fees

The Credit PIF is a public improvement fee in the amount of 0.55% of taxable retail sales within the Districts which will be imposed in lieu of, or as a credit against, a corresponding amount of the Town Sales Tax. Credit PIF revenue is pledged to the payment of the Series 2021 Loan.

Add-On Public Improvement Fees

The Add-On PIF is a public improvement fee in the amount of .25% of taxable retail sales within the Districts. Unlike the Credit PIF, the Add-On PIF does not constitute a fee imposed in lieu of, or as a credit against, any part of the Town Sales Tax. Instead, the Add-On PIF constitutes an additional fee imposed upon PIF Sales. The Add-On PIF is pledged solely to the Series 2021 Loan..

Intergovernmental Revenue – District No. 3

District No. 3, the Financing District, levied 40.000 mills for debt service. It is anticipated that District No. 3 will transfer property taxes generated from the 40.000 mills, net of collection costs, into District No. 1 to pay for debt service expenditures.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Net Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.01%.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Intergovernmental Transfers - District No. 2

Property taxes generated from the 11.673 mills levied by the District for operations and maintenance, net of fees, are expected to be transferred to District No. 2, the Operating District, which pays all administrative expenditures of the District.

Debt Service

Interest payments in 2023 are provided based on the attached debt amortization schedule for the Series 2021 Loan (discussed under Debt and Leases).

Capital Pledge Agreement

The District has entered into a Capital Pledge Agreement (the "Pledge Agreement") with Promenade at Castle Rock Metropolitan District Nos. 2 & 3 and US Bank National Association. Pursuant to the Pledge Agreement, the District has 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.

Debt and Leases

Series 2021 Special Revenue Refunding and Improvement Loan

The District issued a Loan on April 15, 2021 in the amount of \$64,236,780, the General Obligation Loan Series 2021 (the Loan). The proceeds of the Loan were used for the purposes of (i) paying off the Series 2015A and Series 2015B Bonds. (ii) reimbursing the Developer for previously advanced funds for public improvements, (iii) funding the Reserve Fund, (iv) paying for the costs of public improvements, and (v) paying costs of issuance of the Loan.

The Loan bears interest at the rate of 3.501% payable semi-annually on June 1 and December 1, beginning on December 1, 2021. Annual principal payments on the Loan are due on December 1, beginning on December 1, 2021. The Loan matures on December 1, 2050.

In the event that the District has excess funds available at the Principal Payment Date the District shall apply such excess to the prepayment of the principal of the Loan on such Principal Payment Date.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

The District's outstanding long-term debt as of December 31, 2021 and projections for 2022 are summarized below:

	Balance at December 31, 2021	Additions*	Reductions*	Balance at December 31, 2022*
Limited Tax General Obligation				-
Refunding & Improvement Loan Series 2021	\$ 63,486,780	\$ -	\$ 2,085,000	\$ 61,401,780
Total	<u>\$ 63,486,780</u>	<u>\$ -</u>	<u>\$ 2,085,000</u>	<u>\$ 61,401,780</u>
	Balance at December 31, 2022*	Additions*	Reductions*	Balance at December 31, 2023*
Limited Tax General Obligation				
Refunding & Improvement Loan Series 2021	\$ 61,401,780	\$ -	\$ 1,490,000	\$ 59,911,780
Total	<u>\$ 61,401,780</u>	<u>\$ -</u>	<u>\$ 1,490,000</u>	<u>\$ 59,911,780</u>

*Estimate

The District has no operating or capital leases.

Reserve Funds

Debt Service Reserve

The District maintains a \$1,475,000 Debt Service Reserve as required with the issuance of the Series 2021 Loan.

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 2, which pays for all Districts' operations and maintenance costs, an Emergency Reserve is not reflected in the District's 2022 Budget. The Emergency Reserve for these revenues is reflected in District No. 2.

This information is an integral part of the accompanying budget.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
2023 BUDGET**

**\$64,236,780 Limited Tax General Obligation and Special Revenue
Refunding and Improvement Loan - Series 2021
Dated April 15, 2021
Principal Due Annually December 1
Interest at 3.501%, Due June and December 1**

Year	Principal	Interest	Total
2023	\$ 1,490,000	\$ 2,149,676	\$ 3,639,676
2024	1,545,000	2,097,511	3,642,511
2025	1,600,000	2,043,421	3,643,421
2026	1,660,000	1,987,405	3,647,405
2027	1,720,000	1,929,288	3,649,288
2028	1,780,000	1,869,071	3,649,071
2029	1,845,000	1,806,753	3,651,753
2030	1,910,000	1,742,160	3,652,160
2031	1,975,000	1,675,291	3,650,291
2032	2,050,000	1,606,146	3,656,146
2033	2,120,000	1,534,376	3,654,376
2034	2,200,000	1,460,154	3,660,154
2035	2,275,000	1,383,132	3,658,132
2036	2,360,000	1,303,485	3,663,485
2037	2,440,000	1,220,861	3,660,861
2038	2,530,000	1,135,437	3,665,437
2039	2,620,000	1,046,861	3,666,861
2040	2,215,000	955,135	3,170,135
2041	2,295,000	877,588	3,172,588
2042	2,375,000	797,240	3,172,240
2043	2,460,000	714,091	3,174,091
2044	2,550,000	627,967	3,177,967
2045	2,640,000	538,691	3,178,691
2046	2,935,000	446,265	3,381,265
2047	3,040,000	343,510	3,383,510
2048	3,150,000	237,080	3,387,080
2049	3,260,000	126,799	3,386,799
2050	361,780	12,666	374,446
Total	\$ 61,401,780	\$ 33,668,061	\$ 95,069,841

No assurance provided. See summary of significant assumptions.