

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/30/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ (212,391)	\$ 270,550	\$ 514,393
REVENUES			
Developer advance	61,432	162,300	-
Other revenue	158	85	-
Intergovernmental revenue - District No. 1	66,797	20,511,976	9,480,194
Intergovernmental revenue - District No. 3	607,831	667,694	716,261
Revenue - CAM	210,997	236,052	223,780
Total revenues	<u>947,215</u>	<u>21,578,107</u>	<u>10,420,235</u>
TRANSFERS IN	<u>233,925</u>	<u>116,705</u>	<u>104,220</u>
Total funds available	<u>968,749</u>	<u>21,965,362</u>	<u>11,038,848</u>
EXPENDITURES			
General and administrative	164,007	375,884	414,530
Operations and maintenance	210,997	259,411	328,000
Capital projects	89,270	20,698,969	9,406,000
Total expenditures	<u>464,274</u>	<u>21,334,264</u>	<u>10,148,530</u>
TRANSFERS OUT	<u>233,925</u>	<u>116,705</u>	<u>104,220</u>
Total expenditures and transfers out requiring appropriation	<u>698,199</u>	<u>21,450,969</u>	<u>10,252,750</u>
ENDING FUND BALANCES	<u>\$ 270,550</u>	<u>\$ 514,393</u>	<u>\$ 786,098</u>
EMERGENCY RESERVE	<u>\$ 20,300</u>	<u>\$ 22,100</u>	<u>\$ 23,800</u>
TOTAL RESERVE	<u>\$ 20,300</u>	<u>\$ 22,100</u>	<u>\$ 23,800</u>

No assurance provided. See summary of significant assumptions.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/30/22

ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
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<p>ASSESSED VALUATION</p> <p style="padding-left: 20px;">Certified Assessed Value</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; border-right: 1px solid black; text-align: center;">\$ -</td> <td style="width: 33%; border-right: 1px solid black; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> </tr> </table>	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -		

MILL LEVY

<p>PROPERTY TAXES</p> <p style="padding-left: 20px;">Budgeted property taxes</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; border-right: 1px solid black; text-align: center;">\$ -</td> <td style="width: 33%; border-right: 1px solid black; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> </tr> </table>	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -		

<p>BUDGETED PROPERTY TAXES</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; border-right: 1px solid black; text-align: center;">\$ -</td> <td style="width: 33%; border-right: 1px solid black; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> </tr> </table>	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -		

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ (6,304)	\$ 270,550	\$ 514,393
REVENUES			
Other revenue	158	85	-
Intergovernmental revenue - District No. 1	66,797	67,475	74,194
Intergovernmental revenue - District No. 3	607,831	667,694	716,261
Total revenues	674,786	735,254	790,455
TRANSFERS IN			
Transfers from other funds	-	589	-
Total funds available	668,482	1,006,393	1,304,848
EXPENDITURES			
General and administrative			
Accounting	60,036	60,000	66,000
Auditing	12,000	13,500	14,850
Dues and licenses	2,391	2,390	3,800
Insurance and bonds	13,834	13,195	16,000
District management	19,095	25,000	27,500
Legal services	54,406	55,000	75,000
Miscellaneous	2,099	2,000	2,000
Repay developer advances	-	200,000	200,000
Contingency	-	4,799	6,880
Operations and maintenance			
Election expense	146	-	2,500
Total expenditures	164,007	375,884	414,530
TRANSFERS OUT			
Transfers to other fund	233,925	116,116	104,220
Total expenditures and transfers out requiring appropriation	397,932	492,000	518,750
ENDING FUND BALANCE	\$ 270,550	\$ 514,393	\$ 786,098
EMERGENCY RESERVE	\$ 20,300	\$ 22,100	\$ 23,800
TOTAL RESERVE	\$ 20,300	\$ 22,100	\$ 23,800

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
SPECIAL REVENUE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Revenue - CAM	210,997	236,052	223,780
Total revenues	<u>210,997</u>	<u>236,052</u>	<u>223,780</u>
TRANSFERS IN			
Transfers from other funds	-	23,948	104,220
Total funds available	<u>210,997</u>	<u>260,000</u>	<u>328,000</u>
EXPENDITURES			
General and administrative			
Accounting	30,000	30,000	33,000
Contingency	-	3,861	4,750
Miscellaneous	315	250	5,000
District management	8,100	10,800	12,000
Operations and maintenance			
Detention pond	-	-	5,000
Electricity	5,263	8,000	10,000
Landscaping	132,469	135,000	148,500
Portering	9,882	11,500	12,750
Repair and maintenance	450	5,000	25,000
Signage maintenance	-	-	2,000
Snow removal	2,582	10,000	20,000
Water	21,936	45,000	50,000
Total expenditures	<u>210,997</u>	<u>259,411</u>	<u>328,000</u>
Total expenditures and transfers out requiring appropriation	<u>210,997</u>	<u>260,000</u>	<u>328,000</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
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ (206,087)	\$ -	\$ -
REVENUES			
Developer advance	61,432	162,300	-
Intergovernmental revenue - District No. 1	-	20,444,501	9,406,000
Total revenues	<u>61,432</u>	<u>20,606,801</u>	<u>9,406,000</u>
TRANSFERS IN			
Transfers from other funds	<u>233,925</u>	<u>92,168</u>	<u>-</u>
Total funds available	<u>89,270</u>	<u>20,698,969</u>	<u>9,406,000</u>
EXPENDITURES			
General and Administrative			
Accounting	582	-	-
Legal services	-	75,000	-
Capital Projects			
Repay developer advance	-	20,006,801	-
Capital outlay	88,688	617,168	9,406,000
Total expenditures	<u>89,270</u>	<u>20,698,969</u>	<u>9,406,000</u>
Total expenditures and transfers out requiring appropriation	<u>89,270</u>	<u>20,698,969</u>	<u>9,406,000</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
2022 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 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. 2
2022 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 2022.

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 Districts 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 2022.

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
2022 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, 2020	Additions*	Reductions*	Balance at December 31, 2021*
Developer Advances - Operations	\$ 456,041	\$ -	\$ 200,000	\$ 256,041
Accrued Interest:				
Developer Advances - Operations	161,532	26,915	-	188,447
Developer Advances - Capital	14,824,587	162,300	14,986,887	-
Accrued Interest:				
Developer Advances - Capital	4,750,203	269,711	5,019,914	-
Total	<u>\$ 20,192,363</u>	<u>\$ 458,926</u>	<u>\$ 20,206,801</u>	<u>\$ 444,488</u>
	Balance at December 31, 2021*	Additions	Reductions	Balance at December 31, 2022*
Developer Advances - Operations	\$ 256,041	\$ -	\$ 200,000	\$ 56,041
Accrued Interest:				
Developer Advances - Operations	188,447	14,429	-	202,876
Total	<u>\$ 444,488</u>	<u>\$ 14,429</u>	<u>\$ 200,000</u>	<u>\$ 258,917</u>

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 2022, as defined under TABOR.

This information is an integral part of the accompanying budget.