

**Promenade at Castle Rock Metropolitan
District Nos. 1-3**

2021 Consolidated Annual Report

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NOS. 1-3

**2021 CONSOLIDATED ANNUAL REPORT
TO
THE TOWN OF CASTLE ROCK, COLORADO**

Pursuant to the Amended and Restated Consolidated Service Plan for Promenade at Castle Rock Metropolitan District Nos. 1-3 (individually, “**District No. 1**,” “**District No. 2**” and “**District No. 3**” and collectively, the “**Districts**”) dated March 2, 2021, the Districts are required to submit an annual report to the Town of Castle Rock, Colorado (the “**Town**”) which reflects activity and financial events of the Districts through the preceding December 31 (the “**report year**”) and includes the following:

For the year ending December 31, 2021, the Districts make the following report:

A. A narrative summary of the progress of the District in implementing their service plan for the report year:

The Districts continue to implement the development schedule as contemplated in the Amended and Restated Consolidated Service Plan dated March 2, 2021.

B. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (i.e. balance sheet) as of December 31 of the report year and the statement of operations (i.e. revenues and expenditures) for the report year:

The 2021 Audits for District Nos. 1-3 have not yet been completed and will be provided as a supplement to this report upon completion.

C. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year:

Consistent with the representations made in the Districts’ Amended and Restated Consolidated Service Plan and financial plan attached thereto, additional information on capital expenditures for the report year will be included with the 2021 Audits.

Copies of the Districts’ 2021 budgets are attached as **Exhibit A**.

D. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or

retirement of existing indebtedness or long-term obligations issued in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and the current mill levy of the District pledged to debt retirement in the report year:

On April 15, 2021, District No. 1 issued Special Revenue Refunding and Improvement Tax Free Loan, Series 2021 (2021 Loan) in the amount of \$64,236,780. The proceeds from the sale of the 2021 Loan were used for the purposes of: (i) refunding the Series 2015 Bonds, (ii) reimbursing the Developer for the advancement of funds for financing costs related to capital infrastructure improvements; (iii) providing the Reserve Fund; (iv) paying the costs of issuing the 2021 Loan; and (v) new funds for the Project Fund. The 2021 Loan bears interest at 3.65% per annum, payable semiannually on June 1 and December 1, commencing on December 1, 2021. Principal payments are due on December 1, commencing on December 1, 2021. The 2021 Loan matures on December 1, 2050.

The Districts’ financial obligations are outlined in the Districts’ 2021 Audits, which will be provided as a supplement to this report upon completion.

| | <u>Assessed Valuation</u> | <u>Debt Service Obligation Mill Levy</u> |
|-----------------|---------------------------|--|
| District No. 1: | \$6,258,150 | 44.531 mills |
| District No. 2: | \$0 | 0.000 mills |
| District No. 3: | \$67,254,490 | 40.000 mills |

E. The Districts’ budgets for the calendar year in which the annual report is submitted:

Copies of the Districts’ 2022 budgets are attached as **Exhibit B**.

F. A summary of residential and commercial development that has occurred within the District for the report year:

There was no new residential or commercial development within the Districts during the report year.

G. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year:

The Districts impose a General Operations Fee pursuant to the Resolution of the Boards of Directors of Promenade at Castle Rock Metropolitan District Nos. 1-3 Concerning the Imposition of a General Operations Fee, as approved by the Boards of Directors on April 1, 2017, and recorded in the real property records of the Clerk and Recorder of Douglas County at Reception No. 2017032980 (the “**Fee Resolution**”). The General Operations Fee is calculated as a “proportionate share” of all the common facility maintenance expenses incurred by the Districts, as further described in the Fee Resolution.

H. Certification of the Board that no action, event, or condition enumerated in Section 11.02.060 (Material Modification of Service Plan) of this chapter has occurred in the report year:

The Boards of Directors of the Districts hereby certify that no action, event or condition has taken place constituting a material modification of the Service Plan as of December 31, 2021 since the Consolidated Service Plan was approved by the Town on January 7, 2014.

I. The names, business addresses and phone numbers of all members of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the board:

Timothy O'Connor, President
5750 DTC Parkway, Suite 210
Greenwood Village, CO 80111
Telephone: (303) 771-4004

Scott Hall, Assistant Secretary
5750 DTC Parkway, Suite 210
Greenwood Village, CO 80111
Telephone: (303) 771-4004

Kelly Goodnough, Secretary/Treasurer
5750 DTC Parkway, Suite 210
Greenwood Village, CO 80111
Telephone: (303) 771-4004

Dustin Anderson, Assistant Secretary
5750 DTC Parkway, Suite 210
Greenwood Village, CO 80111
Telephone: (303) 771-4004

General Counsel:

Kristen D. Bear, Esq.
White Bear Ankele Tanaka and Waldron, Attorneys at Law
2154 E. Commons Ave., Suite 2000
Centennial, CO 80122
Telephone: (303) 858-1800

Regular Meetings:

Date: First Monday of July and
November
Place: via teleconference
Time: 2:15 p.m.

EXHIBIT A
2021 Budgets

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/5/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|---------------------|---------------------|---------------------|
| BEGINNING FUND BALANCES | \$ 4,209,473 | \$ 5,013,682 | \$ 5,244,724 |
| REVENUES | | | |
| Property taxes | 158,606 | 311,770 | 311,314 |
| Specific ownership taxes | 15,908 | 28,060 | 24,905 |
| Interest income | 104,732 | 58,000 | 19,467 |
| Other revenue | - | - | 8,739 |
| Credit - PIF | 1,424,366 | 1,600,000 | 1,993,052 |
| Add-On - PIF | 330,338 | 335,000 | 493,819 |
| Intergovernmental revenue - District No. 3 | 1,677,532 | 2,500,272 | 2,605,149 |
| Total revenues | <u>3,711,482</u> | <u>4,833,102</u> | <u>5,456,445</u> |
| Total funds available | <u>7,920,955</u> | <u>9,846,784</u> | <u>10,701,169</u> |
| EXPENDITURES | | | |
| General and administrative | 61,806 | 96,706 | 114,434 |
| Debt service | 2,845,467 | 3,245,800 | 3,412,569 |
| Total expenditures | <u>2,907,273</u> | <u>3,342,506</u> | <u>3,527,003</u> |
| Total expenditures and transfers out requiring appropriation | <u>2,907,273</u> | <u>3,342,506</u> | <u>3,527,003</u> |
| ENDING FUND BALANCES | <u>\$ 5,013,682</u> | <u>\$ 6,504,278</u> | <u>\$ 7,174,166</u> |
| DEBT SERVICE RESERVE | 3,097,888 | 3,097,888 | 3,097,888 |
| DEBT SERVICE SURPLUS | 1,915,794 | 3,406,390 | 2,848,484 |
| TOTAL RESERVE | <u>\$ 5,013,682</u> | <u>\$ 6,504,278</u> | <u>\$ 5,946,372</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/5/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| ASSESSED VALUATION | | | |
| Residential | \$ 2,806,070 | \$ 5,465,460 | \$ 5,465,460 |
| Commercial | 63,230 | 135,520 | 127,380 |
| Vacant land | - | - | - |
| | <u>2,869,300</u> | <u>5,600,980</u> | <u>5,592,840</u> |
| Adjustments | - | - | - |
| Certified Assessed Value | <u>\$ 2,869,300</u> | <u>\$ 5,600,980</u> | <u>\$ 5,592,840</u> |
| MILL LEVY | | | |
| General | 11.055 | 11.132 | 11.132 |
| Debt Service | 44.222 | 44.531 | 44.531 |
| Total mill levy | <u>55.277</u> | <u>55.663</u> | <u>55.663</u> |
| PROPERTY TAXES | | | |
| General | \$ 31,720 | \$ 62,350 | \$ 62,259 |
| Debt Service | 126,886 | 249,417 | 249,055 |
| | <u>158,606</u> | <u>311,767</u> | <u>311,314</u> |
| Levied property taxes | 158,606 | 311,767 | 311,314 |
| Adjustments to actual/rounding | - | - | - |
| Budgeted property taxes | <u>\$ 158,606</u> | <u>\$ 311,767</u> | <u>\$ 311,314</u> |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ 31,720 | \$ 62,350 | \$ 62,259 |
| Debt Service | 126,886 | 249,417 | 249,055 |
| | <u>\$ 158,606</u> | <u>\$ 311,767</u> | <u>\$ 311,314</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/5/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | 31,721 | 62,353 | 62,259 |
| Specific ownership taxes | 3,182 | 5,612 | 4,981 |
| Other revenue | - | - | 2,760 |
| Total revenues | 34,903 | 67,965 | 70,000 |
| Total funds available | 34,903 | 67,965 | 70,000 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County treasurer's fee | 476 | 935 | 934 |
| Contingency | - | - | 2,850 |
| Intergovernmental expenditure - District No. 2 | 34,427 | 67,030 | 66,216 |
| Total expenditures | 34,903 | 67,965 | 70,000 |
| Total expenditures and transfers out requiring appropriation | 34,903 | 67,965 | 70,000 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ - |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/5/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|---------------------|---------------------|---------------------|
| BEGINNING FUND BALANCE | \$ 4,209,473 | \$ 5,013,682 | \$ 5,244,724 |
| REVENUES | | | |
| Property taxes | 126,885 | 249,417 | 249,055 |
| Specific ownership taxes | 12,726 | 22,448 | 19,924 |
| Interest income | 104,732 | 58,000 | 19,467 |
| Other revenue | - | - | 5,979 |
| Credit - PIF | 1,424,366 | 1,600,000 | 1,993,052 |
| Add-On - PIF | 330,338 | 335,000 | 493,819 |
| Intergovernmental revenue - District No. 3 | 1,677,532 | 2,500,272 | 2,605,149 |
| Total revenues | <u>3,676,579</u> | <u>4,765,137</u> | <u>5,386,445</u> |
| Total funds available | <u>7,886,052</u> | <u>9,778,819</u> | <u>10,631,169</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| County treasurer's fee | 1,903 | 3,741 | 3,736 |
| PIF Collection fee | 25,000 | 25,000 | 35,000 |
| Contingency | - | - | 5,698 |
| Debt Service | | | |
| Paying agent fees | 3,500 | 3,500 | 3,500 |
| Bond interest - Series 2015A | 1,942,900 | 1,913,431 | 1,878,838 |
| Bond interest - Series 2015B | 324,067 | 653,869 | 392,184 |
| Bond principal | 575,000 | 675,000 | 725,000 |
| Bond principal - Series 2015B | - | - | 413,047 |
| Total expenditures | <u>2,872,370</u> | <u>3,274,541</u> | <u>3,457,003</u> |
| Total expenditures and transfers out requiring appropriation | <u>2,872,370</u> | <u>3,274,541</u> | <u>3,457,003</u> |
| ENDING FUND BALANCE | <u>\$ 5,013,682</u> | <u>\$ 6,504,278</u> | <u>\$ 7,174,166</u> |
| DEBT SERVICE RESERVE | \$ 3,097,888 | \$ 3,097,888 | \$ 3,097,888 |
| DEBT SERVICE SURPLUS | 1,915,794 | 3,406,390 | 2,848,484 |
| TOTAL RESERVE | <u>\$ 5,013,682</u> | <u>\$ 6,504,278</u> | <u>\$ 5,946,372</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
2021 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
2021 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 method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.15% from 7.20% for property tax years 2019-2020 on April 10, 2019 with a report submitted to the State Board of Equalization. Accordingly, the mill levy has been adjusted upward to reflect the change assessed value calculation. The debt service mill levy increased to 44.531 from 44.222 mills and the general fund mill levy increased to 11.132 from 11.055 mills.

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.

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 8% of the property taxes collected.

Credit Public Improvement Fees

The Credit PIF is a public improvement fee in the amount of 1.10% 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 first to the payment of the Series A Bonds, and on a subordinate basis to the Series B Bonds.

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 initially pledged solely to the Series B Bonds until no longer outstanding.

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
2021 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 0.005%.

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 11.132 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 2020 are provided based on the attached debt amortization schedule for the Series 2015A Bonds (discussed under Debt and Leases). The Series 2015B Bonds are paid based on available funds, as such a debt amortization schedule has not been included.

Debt and Leases

Series 2015 Special Revenue Bonds

The District issued Bonds on August 25, 2015, in the amounts of \$34,615,000 in General Obligation Bonds Series 2015A and \$2,825,000 in Taxable Special Revenue Bonds Series 2015B. The proceeds from the sale of the Series A Bonds will be used for the purposes of: (i) paying a portion of the costs of public improvements or reimbursing the Developer for the advancement of those costs, to the extent of available proceeds; (ii) providing capitalized interest; (iii) providing the Series A Reserve Fund; and (iv) paying costs of issuance of the Series A Bonds. Proceeds from the sale of the Series B Bonds will be used to: (i) pay a portion of the costs of public improvements or reimbursing the Developer for the advancement of those costs, to the extent of available proceeds; and (ii) paying costs of issuance of the Series B Bonds.

The Series A Bonds bear interest at rates ranging from 5.125% to 5.750% payable semi-annually on June 1 and December 1, beginning on December 1, 2015. Annual mandatory sinking fund principal payments on the Series A Bonds are due on December 1, beginning on December 1, 2018. The Series A Bonds mature on December 1, 2039.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

Series 2015 Special Revenue Bonds (Continued)

The Series B Bonds are assumed to bear interest at 9.0% payable annually on December 1, beginning on December 1, 2015. Annual mandatory sinking fund principal payments on the Series A Bonds are due on December 1, to the extent of moneys on deposit, if any, in the Series B Mandatory Redemption Account of the Series B Bond Fund. The Series B Bonds mature on December 1, 2039.

| | Balance at December 31, 2019 | Additions | Reductions | Balance at December 31, 2020 |
|--|------------------------------------|-------------------|---------------------|------------------------------------|
| Limited Tax General | | | | |
| Obligation Bonds, Series 2015A | \$ 33,820,000 | \$ - | \$ 675,000 | \$ 33,145,000 |
| Original Issue Discount, Series 2015A | (353,633) | - | (25,845) | (327,788) |
| Taxable Special Revenue Bonds, Series 2015B | 2,825,000 | - | - | 2,825,000 |
| Accrued Interest Series 2015B Bonds | 512,474 | 300,373 | 653,869 | 158,978 |
| Total | <u>\$ 36,803,841</u> | <u>\$ 300,373</u> | <u>\$ 1,303,024</u> | <u>\$ 35,801,190</u> |
| | Balance at December 31, 2020 | Additions | Reductions | Balance at December 31, 2021 |
| Limited Tax General | | | | |
| Obligation Bonds, Series 2015A | \$ 33,145,000 | \$ - | \$ 725,000 | \$ 32,420,000 |
| Original Issue Discount, Series 2015A | (327,788) | - | (25,377) | (302,411) |
| Taxable Special Revenue Bonds, Series 2015B | 2,825,000 | - | 413,047 | 2,411,953 |
| Accrued Interest Series 2015B Bonds | 158,978 | 268,558 | 392,184 | 35,352 |
| Total | <u>\$ 35,801,190</u> | <u>\$ 268,558</u> | <u>\$ 1,504,854</u> | <u>\$ 34,564,894</u> |

The District has no operating or capital leases.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserve Funds

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 2019 Budget. The Emergency Reserve for these revenues is reflected in District No. 2.

Debt Service Reserve

The District has a \$3,097,888 Debt Service Reserve as required with the issuance of the Series 2015 bonds.

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
2021 BUDGET**

**\$34,615,000 Limited Tax General Obligation Bonds, Series 2015A
Dated August 25, 2015
Principal Due Annually December 1
Interest from 5.125 to 5.75%, Due June and December 1**

| Year | Principal | Interest | Total |
|--------------|----------------------|----------------------|----------------------|
| 2021 | 725,000 | 1,878,838 | 2,603,838 |
| 2022 | 800,000 | 1,841,681 | 2,641,681 |
| 2023 | 855,000 | 1,800,681 | 2,655,681 |
| 2024 | 940,000 | 1,756,863 | 2,696,863 |
| 2025 | 1,000,000 | 1,708,688 | 2,708,688 |
| 2026 | 1,095,000 | 1,657,438 | 2,752,438 |
| 2027 | 1,170,000 | 1,594,475 | 2,764,475 |
| 2028 | 1,280,000 | 1,527,200 | 2,807,200 |
| 2029 | 1,365,000 | 1,453,600 | 2,818,600 |
| 2030 | 1,485,000 | 1,375,113 | 2,860,113 |
| 2031 | 1,585,000 | 1,289,725 | 2,874,725 |
| 2032 | 1,720,000 | 1,198,588 | 2,918,588 |
| 2033 | 1,835,000 | 1,099,688 | 2,934,688 |
| 2034 | 1,985,000 | 994,175 | 2,979,175 |
| 2035 | 2,115,000 | 880,038 | 2,995,038 |
| 2036 | 2,280,000 | 758,425 | 3,038,425 |
| 2037 | 2,425,000 | 627,325 | 3,052,325 |
| 2038 | 2,610,000 | 487,888 | 3,097,888 |
| 2039 | 5,875,000 | 337,813 | 6,212,813 |
| Total | \$ 33,145,000 | \$ 24,268,242 | \$ 57,413,242 |

No assurance provided. See summary of significant assumptions.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2021

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/5/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|---------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES | \$ 282,080 | \$ (212,391) | \$ 111,403 |
| REVENUES | | | |
| Developer advance | 619,534 | - | - |
| Other revenue | 85 | 158 | - |
| WEO settlement proceeds | 652,000 | - | - |
| Intergovernmental revenue - District No. 1 | 34,427 | 128,462 | 66,216 |
| Intergovernmental revenue - District No. 3 | 419,382 | 625,980 | 646,440 |
| Revenue - CAM | 236,761 | 235,554 | 236,052 |
| Total revenues | <u>1,962,189</u> | <u>990,154</u> | <u>948,708</u> |
| TRANSFERS IN | <u>164,611</u> | <u>185,236</u> | <u>66,948</u> |
| Total funds available | <u>2,408,880</u> | <u>962,999</u> | <u>1,127,059</u> |
| EXPENDITURES | | | |
| General and administrative | 399,164 | 431,025 | 501,300 |
| Operations and maintenance | 326,567 | 194,754 | 251,000 |
| Capital projects | 1,730,929 | 40,581 | - |
| Total expenditures | <u>2,456,660</u> | <u>666,360</u> | <u>752,300</u> |
| TRANSFERS OUT | <u>164,611</u> | <u>185,236</u> | <u>66,948</u> |
| Total expenditures and transfers out requiring appropriation | <u>2,621,271</u> | <u>851,596</u> | <u>819,248</u> |
| ENDING FUND BALANCES | <u>\$ (212,391)</u> | <u>\$ 111,403</u> | <u>\$ 307,811</u> |
| EMERGENCY RESERVE | <u>\$ 3,300</u> | <u>\$ 20,900</u> | <u>\$ 21,500</u> |
| TOTAL RESERVE | <u>\$ 3,300</u> | <u>\$ 20,900</u> | <u>\$ 21,500</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/5/21

| ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

| | | | | |
|---|---|------|------|------|
| ASSESSED VALUATION Certified Assessed Value | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> </tr> </table> | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | | |

MILL LEVY

| | | | | |
|--|---|------|------|------|
| PROPERTY TAXES Budgeted property taxes | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> </tr> </table> | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | | |

| | | | | |
|--------------------------------|---|------|------|------|
| BUDGETED PROPERTY TAXES | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; 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
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/5/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ (96,228) | \$ (6,304) | \$ 111,403 |
| REVENUES | | | |
| Other revenue | 85 | 158 | - |
| Intergovernmental revenue - District No. 1 | 34,427 | 67,030 | 66,216 |
| Intergovernmental revenue - District No. 3 | 419,382 | 625,980 | 646,440 |
| Total revenues | 453,894 | 693,168 | 712,656 |
| TRANSFERS IN | | | |
| Transfers from other funds | 125,000 | - | - |
| Total funds available | 482,666 | 686,864 | 824,059 |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 62,434 | 60,000 | 60,000 |
| Auditing | 12,000 | 12,000 | 13,500 |
| Dues and licenses | 3,701 | 2,391 | 3,800 |
| Insurance and bonds | 10,489 | 13,834 | 15,000 |
| District management | 17,480 | 25,000 | 25,000 |
| Legal services | 249,746 | 75,000 | 125,000 |
| Miscellaneous | 1,098 | 2,000 | 2,000 |
| Repay developer advances | - | 200,000 | 200,000 |
| Contingency | - | - | 5,000 |
| Operations and maintenance | | | |
| Repairs and maintenance | 92,411 | - | - |
| Total expenditures | 449,359 | 390,225 | 449,300 |
| TRANSFERS OUT | | | |
| Transfers to other fund | 39,611 | 185,236 | 66,948 |
| Total expenditures and transfers out requiring appropriation | 488,970 | 575,461 | 516,248 |
| ENDING FUND BALANCE | \$ (6,304) | \$ 111,403 | \$ 307,811 |
| EMERGENCY RESERVE | \$ 3,300 | \$ 20,900 | \$ 21,500 |
| TOTAL RESERVE | \$ 3,300 | \$ 20,900 | \$ 21,500 |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 2
SPECIAL REVENUE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/5/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Revenue - CAM | 236,761 | 235,554 | 236,052 |
| Total revenues | <u>236,761</u> | <u>235,554</u> | <u>236,052</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>39,611</u> | <u>-</u> | <u>66,948</u> |
| Total funds available | <u>276,372</u> | <u>235,554</u> | <u>303,000</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 30,085 | 30,000 | 30,000 |
| Contingency | - | - | 5,000 |
| Miscellaneous | 1,331 | - | 5,000 |
| District management | 10,800 | 10,800 | 12,000 |
| Operations and maintenance | | | |
| Detention pond | - | - | 5,000 |
| Electricity | 6,293 | 7,500 | 7,500 |
| Landscaping | 170,811 | 125,000 | 135,000 |
| Portering | 9,855 | 10,500 | 11,500 |
| Repair and maintenance | 10,150 | 6,754 | 25,000 |
| Signage maintenance | - | - | 2,000 |
| Snow removal | 5,174 | 15,000 | 20,000 |
| Water | 31,873 | 30,000 | 45,000 |
| Total expenditures | <u>276,372</u> | <u>235,554</u> | <u>303,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>276,372</u> | <u>235,554</u> | <u>303,000</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
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/5/21

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|---------------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ 378,308 | \$ (206,087) | \$ - |
| REVENUES | | | |
| Developer advance | 619,534 | - | - |
| WEO settlement proceeds | 652,000 | - | - |
| Intergovernmental revenue - District No. 1 | - | 61,432 | - |
| Total revenues | <u>1,271,534</u> | <u>61,432</u> | <u>-</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>-</u> | <u>185,236</u> | <u>-</u> |
| Total funds available | <u>1,649,842</u> | <u>40,581</u> | <u>-</u> |
| EXPENDITURES | | | |
| General and Administrative | | | |
| Accounting | 17,813 | 581 | - |
| Legal services | 15,918 | - | - |
| Capital Projects | | | |
| Repay developer advance | 1,081,602 | - | - |
| Engineering | 33,897 | - | - |
| Capital outlay | 581,699 | 40,000 | - |
| Total expenditures | <u>1,730,929</u> | <u>40,581</u> | <u>-</u> |
| TRANSFERS OUT | | | |
| Transfers to other fund | <u>125,000</u> | <u>-</u> | <u>-</u> |
| Total expenditures and transfers out requiring appropriation | <u>1,855,929</u> | <u>40,581</u> | <u>-</u> |
| ENDING FUND BALANCE | <u>\$ (206,087)</u> | <u>\$ -</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
2021 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
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Intergovernmental Transfers

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

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 2021.

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 general fund on page 4 and 5 of the budget.

Capital Outlay

The District does not anticipate infrastructure improvements during 2021.

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.

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.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

| | Balance at December 31, 2019 | Additions | Reductions | Balance at December 31, 2020 |
|------------------------------------|------------------------------------|-------------------|-------------------|------------------------------------|
| Developer Advances - Operations | \$ 456,041 | \$ - | \$ 200,000 | \$ 256,041 |
| Accrued Interest: | | | | |
| Developer Advances - Operations | 131,619 | 22,253 | - | 153,872 |
| Developer Advances - Capital | 14,763,155 | - | - | 14,763,155 |
| Accrued Interest: | | | | |
| Developer Advances - Capital | 3,776,146 | 922,697 | - | 4,698,843 |
| Total | <u>\$ 19,126,961</u> | <u>\$ 944,950</u> | <u>\$ 200,000</u> | <u>\$ 19,871,911</u> |
| | | | | |
| | Balance at December 31, 2020 | Additions | Reductions | Balance at December 31, 2021 |
| Developer Advances - Operations | \$ 256,041 | \$ - | \$ 200,000 | \$ 56,041 |
| Accrued Interest: | | | | |
| Developer Advances - Operations | 153,872 | 9,753 | - | 163,624 |
| Developer Advances - Capital | 14,763,155 | - | - | 14,763,155 |
| Accrued Interest: | | | | |
| Developer Advances - Capital | 4,698,843 | 922,697 | - | 5,621,540 |
| Total | <u>\$ 19,871,911</u> | <u>\$ 932,450</u> | <u>\$ 200,000</u> | <u>\$ 20,604,361</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 2021, as defined under TABOR.

This information is an integral part of the accompanying budget.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 3
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

12/3/20

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ 2,142 | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | 1,917,418 | 2,878,977 | 3,034,755 |
| Specific ownership tax | 199,787 | 259,108 | 242,780 |
| Interest income | 6,488 | 31,352 | 27,825 |
| Other revenue | - | - | - |
| Total revenues | <u>2,123,693</u> | <u>3,169,437</u> | <u>3,305,360</u> |
| Total funds available | <u>2,125,835</u> | <u>3,169,437</u> | <u>3,305,360</u> |
| EXPENDITURES | | | |
| General and administrative | 2,125,835 | 3,169,437 | 3,305,360 |
| Total expenditures | <u>2,125,835</u> | <u>3,169,437</u> | <u>3,305,360</u> |
| Total expenditures and transfers out requiring appropriation | <u>2,125,835</u> | <u>3,169,437</u> | <u>3,305,360</u> |
| ENDING FUND BALANCES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 3
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

12/3/20

| ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

ASSESSED VALUATION

| | | | |
|--------------------------|---------------|---------------|---------------|
| Commercial | \$ 33,061,330 | \$ 49,815,630 | \$ 53,345,250 |
| Vacant land | 6,653,600 | 7,763,900 | 6,472,950 |
| Natural resources | 10 | 10 | 10 |
| State assessed | 250,000 | - | 876,900 |
| | 39,964,940 | 57,579,540 | 60,695,110 |
| Adjustments | - | - | - |
| Certified Assessed Value | \$ 39,964,940 | \$ 57,579,540 | \$ 60,695,110 |

MILL LEVY

| | | | |
|-----------------|--------|--------|--------|
| General | 10.000 | 10.000 | 10.000 |
| Debt Service | 40.000 | 40.000 | 40.000 |
| Total mill levy | 50.000 | 50.000 | 50.000 |

PROPERTY TAXES

| | | | |
|--------------------------------|--------------|--------------|--------------|
| General | \$ 399,649 | \$ 575,795 | \$ 606,951 |
| Debt Service | 1,598,598 | 2,303,182 | 2,427,804 |
| Levied property taxes | 1,998,247 | 2,878,977 | 3,034,755 |
| Adjustments to actual/rounding | - | - | - |
| Refunds and abatements | (80,829) | - | - |
| Budgeted property taxes | \$ 1,917,418 | \$ 2,878,977 | \$ 3,034,755 |

BUDGETED PROPERTY TAXES

| | | | |
|--------------|--------------|--------------|--------------|
| General | \$ 383,484 | \$ 575,795 | \$ 606,951 |
| Debt Service | 1,533,934 | 2,303,182 | 2,427,804 |
| | \$ 1,917,418 | \$ 2,878,977 | \$ 3,034,755 |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 3
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

12/3/20

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ 428 | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | 383,483 | 575,795 | 606,951 |
| Specific ownership tax | 39,957 | 51,822 | 48,556 |
| Interest income | 1,298 | 7,000 | 5,565 |
| Total revenues | <u>424,738</u> | <u>634,617</u> | <u>661,072</u> |
| Total funds available | <u>425,166</u> | <u>634,617</u> | <u>661,072</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | 5,784 | 8,637 | 9,104 |
| Contingency | - | - | 5,528 |
| Intergovernmental transfer District No. 2 | 419,382 | 625,980 | 646,440 |
| Total expenditures | <u>425,166</u> | <u>634,617</u> | <u>661,072</u> |
| Total expenditures and transfers out requiring appropriation | <u>425,166</u> | <u>634,617</u> | <u>661,072</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 3
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

12/3/20

| | ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ 1,714 | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | 1,533,935 | 2,303,182 | 2,427,804 |
| Specific ownership tax | 159,830 | 207,286 | 194,224 |
| Interest income | 5,190 | 24,352 | 22,260 |
| Total revenues | 1,698,955 | 2,534,820 | 2,644,288 |
| Total funds available | 1,700,669 | 2,534,820 | 2,644,288 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | 23,137 | 34,548 | 36,417 |
| Intergovernmental transfer District No. 1 | 1,677,532 | 2,500,272 | 2,605,149 |
| Contingency | - | - | 2,722 |
| Total expenditures | 1,700,669 | 2,534,820 | 2,644,288 |
| Total expenditures and transfers out requiring appropriation | 1,700,669 | 2,534,820 | 2,644,288 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ - |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Promenade at Castle Rock Metropolitan District No. 3 (“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. 1-2. 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 special assessment debt, \$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 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 in taxes 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. 3
2021 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.

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 8% of the property taxes collected.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Intergovernmental Transfers

The District's debt service mill levy of 40.000 mills, net of collection fees, is transferred to District No. 1 to help fund debt service expenses.

The District's general fund mill levy of 10.000 mills, net of collection fees, is transferred to District No. 2 to help fund administrative expenses.

Debt and Leases

The District has no outstanding debt, nor any operating or capital leases.

Reserves

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 2021 Budget.

This information is an integral part of the accompanying budget.

EXHIBIT B
2022 Budgets

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
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 | \$ 5,013,682 | \$ 6,625,867 | \$ 12,690,837 |
| REVENUES | | | |
| Property taxes | 311,767 | 311,314 | 348,348 |
| Specific ownership tax | 26,893 | 30,752 | 27,868 |
| Interest income | 32,357 | 12,500 | 14,500 |
| Other revenue | - | - | 2,750 |
| Credit - PIF | 1,795,601 | 1,612,901 | 1,993,052 |
| Add-On - PIF | 392,108 | 480,802 | 493,819 |
| Intergovernmental revenue - District No. 3 | 2,431,328 | 2,634,609 | 2,881,041 |
| Bond proceeds | - | 64,236,780 | - |
| Total revenues | <u>4,990,054</u> | <u>69,319,658</u> | <u>5,761,378</u> |
| TRANSFERS IN | - | 10,000,000 | - |
| Total funds available | <u>10,003,736</u> | <u>85,945,525</u> | <u>18,452,215</u> |
| EXPENDITURES | | | |
| General and administrative | 67,732 | 68,409 | 77,989 |
| Debt service | 3,310,137 | 62,586,279 | 4,379,180 |
| Capital projects | - | 600,000 | 9,406,000 |
| Total expenditures | <u>3,377,869</u> | <u>63,254,688</u> | <u>13,863,169</u> |
| TRANSFERS OUT | - | 10,000,000 | - |
| Total expenditures and transfers out requiring appropriation | <u>3,377,869</u> | <u>73,254,688</u> | <u>13,863,169</u> |
| ENDING FUND BALANCES | <u>\$ 6,625,867</u> | <u>\$ 12,690,837</u> | <u>\$ 4,589,046</u> |
| DEBT SERVICE RESERVE | 3,097,888 | 1,475,000 | 1,475,000 |
| AVAILABLE FOR FUTURE DEBT SERVICE | 3,527,979 | 1,814,837 | 3,114,046 |
| TOTAL RESERVE | <u>\$ 6,625,867</u> | <u>\$ 3,289,837</u> | <u>\$ 4,589,046</u> |

No assurance provided. See summary of significant assumptions.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
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 |
|--------------------------------|----------------|-------------------|----------------|
| ASSESSED VALUATION | | | |
| Residential | \$ 5,465,460 | \$ 5,465,460 | \$ 6,134,700 |
| Personal property | 135,520 | 127,380 | 123,450 |
| Certified Assessed Value | \$ 5,600,980 | \$ 5,592,840 | \$ 6,258,150 |
| | | | |
| MILL LEVY | | | |
| General | 11.132 | 11.132 | 11.132 |
| Debt Service | 44.531 | 44.531 | 44.531 |
| Total mill levy | 55.663 | 55.663 | 55.663 |
| | | | |
| PROPERTY TAXES | | | |
| General | \$ 62,350 | \$ 62,259 | \$ 69,666 |
| Debt Service | 249,417 | 249,055 | 278,682 |
| Levied property taxes | 311,767 | 311,314 | 348,348 |
| Adjustments to actual/rounding | - | - | - |
| Budgeted property taxes | \$ 311,767 | \$ 311,314 | \$ 348,348 |
| | | | |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ 62,350 | \$ 62,259 | \$ 69,666 |
| Debt Service | 249,417 | 249,055 | 278,682 |
| | \$ 311,767 | \$ 311,314 | \$ 348,348 |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
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 | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | 62,353 | 62,259 | 69,666 |
| Specific ownership tax | 5,379 | 6,150 | 5,573 |
| Other revenue | - | - | 2,750 |
| Total revenues | <u>67,732</u> | <u>68,409</u> | <u>77,989</u> |
| Total funds available | <u>67,732</u> | <u>68,409</u> | <u>77,989</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | 935 | 934 | 1,045 |
| Contingency | - | - | 2,750 |
| Intergovernmental expenditure - District No. 2 | 66,797 | 67,475 | 74,194 |
| Total expenditures | <u>67,732</u> | <u>68,409</u> | <u>77,989</u> |
| Total expenditures and transfers out requiring appropriation | <u>67,732</u> | <u>68,409</u> | <u>77,989</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
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 | \$ 5,013,682 | \$ 6,625,867 | \$ 3,289,837 |
| REVENUES | | | |
| Property taxes | 249,414 | 249,055 | 278,682 |
| Specific ownership tax | 21,514 | 24,602 | 22,295 |
| Interest income | 32,357 | 11,500 | 9,500 |
| Credit - PIF | 1,795,601 | 1,612,901 | 1,993,052 |
| Add-On - PIF | 392,108 | 480,802 | 493,819 |
| Intergovernmental revenue - District No. 3 | 2,431,328 | 2,634,609 | 2,881,041 |
| Bond proceeds | - | 64,236,780 | - |
| Total revenues | <u>4,922,322</u> | <u>69,250,249</u> | <u>5,678,389</u> |
| Total funds available | <u>9,936,004</u> | <u>75,876,116</u> | <u>8,968,226</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | 3,741 | 4,670 | 4,180 |
| PIF Collection fee | 25,000 | 25,000 | 25,000 |
| Intergovernmental expenditure - District No. 2 | - | 19,844,501 | - |
| Debt Service | | | |
| Paying agent fees | 3,500 | 3,500 | 5,000 |
| Bond interest - Series 2015A | 1,913,431 | 1,803,294 | - |
| Bond interest - Series 2015B | 689,465 | 288,692 | - |
| Loan interest - Series 2021A | - | 1,411,828 | 2,200,091 |
| Bond principal - Series 2015A | 675,000 | 33,145,000 | - |
| Bond principal - Series 2015B | - | 2,825,000 | - |
| Loan principal - Series 2021A | - | 1,395,000 | 2,144,909 |
| Bond issue costs | - | 1,839,794 | - |
| Total expenditures | <u>3,310,137</u> | <u>62,586,279</u> | <u>4,379,180</u> |
| TRANSFERS OUT | | | |
| Transfers to other fund | - | 10,000,000 | - |
| Total expenditures and transfers out requiring appropriation | <u>3,310,137</u> | <u>72,586,279</u> | <u>4,379,180</u> |
| ENDING FUND BALANCE | <u>\$ 6,625,867</u> | <u>\$ 3,289,837</u> | <u>\$ 4,589,046</u> |
| DEBT SERVICE RESERVE | \$ 3,097,888 | \$ 1,475,000 | \$ 1,475,000 |
| AVAILABLE FOR FUTURE DEBT SERVICE | 3,527,979 | 1,814,837 | 3,114,046 |
| TOTAL RESERVE | <u>\$ 6,625,867</u> | <u>\$ 3,289,837</u> | <u>\$ 4,589,046</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 1
 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 | \$ - | \$ - | \$ 9,401,000 |
| REVENUES | | | |
| Interest income | - | 1,000 | 5,000 |
| Total revenues | <u>-</u> | <u>1,000</u> | <u>5,000</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | - | 10,000,000 | - |
| Total funds available | <u>-</u> | <u>10,001,000</u> | <u>9,406,000</u> |
| EXPENDITURES | | | |
| Capital Projects | | | |
| Intergovernmental expenditure - District No. 2 | - | 600,000 | 9,406,000 |
| Total expenditures | <u>-</u> | <u>600,000</u> | <u>9,406,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>-</u> | <u>600,000</u> | <u>9,406,000</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ 9,401,000</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 1
2022 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
2022 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 method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.15% from 7.20% for property tax years 2019-2020 on April 10, 2019 with a report submitted to the State Board of Equalization. Accordingly, the mill levy has been adjusted upward to reflect the change assessed value calculation. The debt service mill levy increased to 44.531 from 44.222 mills and the general fund mill levy increased to 11.132 from 11.055 mills.

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.

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 8% of the property taxes collected.

Credit Public Improvement Fees

The Credit PIF is a public improvement fee in the amount of 1.10% 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
2022 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 11.132 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 2022 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
2022 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, 2020 | Additions* | Reductions* | Balance at December 31, 2021* |
|--|-------------------------------------|----------------------|----------------------|-------------------------------------|
| Limited Tax General | | | | |
| Obligation Bonds, Series 2015A | \$ 33,145,000 | \$ - | \$ 33,145,000 | \$ - |
| Original Issue Discount, Series 2015A | (327,788) | - | (327,788) | - |
| Taxable Special Revenue Bonds, Series 2015B | 2,825,000 | - | 2,825,000 | - |
| Accrued Interest Series 2015B Bonds | 124,321 | 268,558 | 392,879 | - |
| Limited Tax General Obligation Refunding & Improvement Loan Series 2021 | - | 64,236,780 | 1,395,000 | 62,841,780 |
| Total | <u>\$ 35,766,533</u> | <u>\$ 64,505,338</u> | <u>\$ 37,430,091</u> | <u>\$ 62,841,780</u> |
| | Balance at December 31, 2021* | Additions* | Reductions* | Balance at December 31, 2022* |
| Limited Tax General Obligation | | | | |
| Refunding & Improvement Loan Series 2021 | 62,841,780 | - | 2,144,909 | 60,696,871 |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

*Estimate

The District has no operating or capital leases.

Reserve Funds

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.

Debt Service Reserve

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

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
2022 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 ar 3.501%, Due June and December 1**

| Year | Principal | Interest | Total |
|--------------|----------------------|----------------------|----------------------|
| 2022 | \$ 1,440,000 | \$ 2,200,091 | \$ 3,640,091 |
| 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 | \$ 62,841,780 | \$ 35,868,152 | \$ 98,709,932 |

No assurance provided. See summary of significant assumptions.

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 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

| | | | | |
|---|---|------|------|------|
| ASSESSED VALUATION Certified Assessed Value | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> </tr> </table> | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | | |

MILL LEVY

| | | | | |
|--|---|------|------|------|
| PROPERTY TAXES Budgeted property taxes | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; text-align: center;">\$ -</td> </tr> </table> | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | | |

| | | | | |
|--------------------------------|---|------|------|------|
| BUDGETED PROPERTY TAXES | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">\$ -</td> <td style="width: 33%; 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 | <u>674,786</u> | <u>735,254</u> | <u>790,455</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | - | 589 | - |
| Total funds available | <u>668,482</u> | <u>1,006,393</u> | <u>1,304,848</u> |
| 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 | <u>164,007</u> | <u>375,884</u> | <u>414,530</u> |
| TRANSFERS OUT | | | |
| Transfers to other fund | <u>233,925</u> | <u>116,116</u> | <u>104,220</u> |
| Total expenditures and transfers out requiring appropriation | <u>397,932</u> | <u>492,000</u> | <u>518,750</u> |
| ENDING FUND BALANCE | <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
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.

PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 3
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | 2,817,328 | 3,037,775 | 3,362,725 |
| Specific ownership tax | 234,678 | 297,947 | 269,018 |
| Interest income | 29,700 | 3,050 | 28,256 |
| Total revenues | <u>3,081,706</u> | <u>3,338,772</u> | <u>3,659,999</u> |
| Total funds available | <u>3,081,706</u> | <u>3,338,772</u> | <u>3,659,999</u> |
| EXPENDITURES | | | |
| General and administrative | 616,340 | 667,694 | 732,105 |
| Debt service | 2,465,366 | 2,671,078 | 2,927,894 |
| Total expenditures | <u>3,081,706</u> | <u>3,338,772</u> | <u>3,659,999</u> |
| Total expenditures and transfers out requiring appropriation | <u>3,081,706</u> | <u>3,338,772</u> | <u>3,659,999</u> |
| ENDING FUND BALANCES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 3
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|--------------------------------|----------------------|----------------------|----------------------|
| ASSESSED VALUATION | | | |
| Commercial | \$ 49,815,630 | \$ 53,345,250 | \$ 53,802,880 |
| Vacant land | 7,763,900 | 6,472,950 | 6,497,080 |
| Personal property | - | - | 6,900,120 |
| Natural resources | 10 | 10 | 10 |
| State assessed | - | 876,900 | 54,400 |
| Certified Assessed Value | <u>\$ 57,579,540</u> | <u>\$ 60,695,110</u> | <u>\$ 67,254,490</u> |
| | | | |
| MILL LEVY | | | |
| General | 10.000 | 10.000 | 10.000 |
| Debt Service | 40.000 | 40.000 | 40.000 |
| Total mill levy | <u>50.000</u> | <u>50.000</u> | <u>50.000</u> |
| | | | |
| PROPERTY TAXES | | | |
| General | \$ 575,795 | \$ 606,951 | \$ 672,545 |
| Debt Service | 2,303,182 | 2,427,804 | 2,690,180 |
| Levied property taxes | 2,878,977 | 3,034,755 | 3,362,725 |
| Adjustments to actual/rounding | (15,671) | - | - |
| Refunds and abatements | (45,978) | 3,020 | - |
| Budgeted property taxes | <u>\$ 2,817,328</u> | <u>\$ 3,037,775</u> | <u>\$ 3,362,725</u> |
| | | | |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ 563,465 | \$ 607,555 | \$ 672,545 |
| Debt Service | 2,253,863 | 2,430,220 | 2,690,180 |
| | <u>\$ 2,817,328</u> | <u>\$ 3,037,775</u> | <u>\$ 3,362,725</u> |

No assurance provided. See summary of significant assumptions.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO 3
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | 563,465 | 607,555 | 672,545 |
| Specific ownership tax | 46,935 | 59,589 | 53,804 |
| Interest income | 5,940 | 550 | 5,756 |
| Total revenues | <u>616,340</u> | <u>667,694</u> | <u>732,105</u> |
| Total funds available | <u>616,340</u> | <u>667,694</u> | <u>732,105</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | 8,509 | 9,117 | 10,088 |
| Contingency | - | - | 5,756 |
| Intergovernmental transfer District No. 2 | 607,831 | 658,577 | 716,261 |
| Total expenditures | <u>616,340</u> | <u>667,694</u> | <u>732,105</u> |
| Total expenditures and transfers out requiring appropriation | <u>616,340</u> | <u>667,694</u> | <u>732,105</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 3
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|------------------|-------------------|------------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | 2,253,863 | 2,430,220 | 2,690,180 |
| Specific ownership tax | 187,743 | 238,358 | 215,214 |
| Interest income | 23,760 | 2,500 | 22,500 |
| Total revenues | <u>2,465,366</u> | <u>2,671,078</u> | <u>2,927,894</u> |
| Total funds available | <u>2,465,366</u> | <u>2,671,078</u> | <u>2,927,894</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | 34,038 | 36,469 | 40,353 |
| Intergovernmental transfer District No. 1 | 2,431,328 | 2,634,609 | 2,881,041 |
| Contingency | - | - | 6,500 |
| Total expenditures | <u>2,465,366</u> | <u>2,671,078</u> | <u>2,927,894</u> |
| Total expenditures and transfers out requiring appropriation | <u>2,465,366</u> | <u>2,671,078</u> | <u>2,927,894</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. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Promenade at Castle Rock Metropolitan District No. 3 (“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. 1-2. 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 special assessment debt, \$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 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 in taxes 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.

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.

**PROMENADE AT CASTLE ROCK METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Property Taxes – (continued)

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.

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 8% of the property taxes collected.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Capital Pledge Agreement

The District has entered into a Capital Pledge Agreement (the "Pledge Agreement") with Promenade at Castle Rock Metropolitan District Nos. 1 & 2 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.

Intergovernmental Transfers

The District's debt service mill levy of 40.000 mills, net of collection fees, is transferred to District No. 1 to help fund debt service expenses.

The District's general fund mill levy of 10.000 mills, net of collection fees, is transferred to District No. 2 to help fund administrative expenses.

Debt and Leases

The District has no outstanding debt, nor any operating or capital leases.

Reserves

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.

This information is an integral part of the accompanying budget.