

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2022**

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**SUMMARY**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/7/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 31,776,786	\$ 9,146,730	\$ 6,539,490
REVENUES			
Property taxes	47,944	310,833	674,675
Specific ownership tax	4,534	33,600	53,974
Interest income	160,456	4,238	4,405
Fire protection tax	4,623	29,971	65,054
Other revenue	-	-	1,757
Facilities fees	18,000	636,000	576,000
Total revenues	235,557	1,014,642	1,375,865
Total funds available	32,012,343	10,161,372	7,915,355
EXPENDITURES			
General and administrative	19,912	130,486	275,000
Debt service	1,831,333	1,834,149	1,844,000
Capital projects	21,014,368	1,657,247	3,281,600
Total expenditures	22,865,613	3,621,882	5,400,600
Total expenditures and transfers out requiring appropriation	22,865,613	3,621,882	5,400,600
ENDING FUND BALANCES	\$ 9,146,730	\$ 6,539,490	\$ 2,514,755
CAPITALIZED INTEREST FUND	\$ 1,165,841	\$ -	\$ -
SURPLUS FUND	3,045,974	3,259,490	2,514,755
TOTAL RESERVE	\$ 4,211,815	\$ 3,259,490	\$ 2,514,755

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/7/22

ACTUAL	ESTIMATED	BUDGET
2020	2021	2022

**ASSESSED VALUATION**

Residential	\$ 47,680	\$ 15,180	\$ 324,080
Agricultural	39,850	34,340	35,080
State assessed	8,700	6,800	3,100
Vacant land	-	3,486,300	7,864,960
Personal property	519,000	446,100	430,460
Certified Assessed Value	<u>\$ 615,230</u>	<u>\$ 3,988,720</u>	<u>\$ 8,657,680</u>

**MILL LEVY**

General	22.265	22.265	22.265
Debt Service	55.663	55.663	55.663
Fire Protection	7.514	7.514	7.514
Total mill levy	<u>85.442</u>	<u>85.442</u>	<u>85.442</u>

**PROPERTY TAXES**

General	\$ 13,698	\$ 88,809	\$ 192,763
Debt Service	34,246	222,024	481,912
Fire Protection	4,623	29,971	65,054
Levied property taxes	<u>52,567</u>	<u>340,804</u>	<u>739,729</u>
Budgeted property taxes	<u>\$ 52,567</u>	<u>\$ 340,804</u>	<u>\$ 739,729</u>

**BUDGETED PROPERTY TAXES**

General	\$ 13,698	\$ 88,809	\$ 192,763
Debt Service	34,246	222,024	481,912
Fire Protection	4,623	29,971	65,054
	<u>\$ 52,567</u>	<u>\$ 340,804</u>	<u>\$ 739,729</u>

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/7/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property Taxes	13,698	88,809	192,763
Specific ownership tax	1,580	11,700	15,421
Fire Protection Tax	4,623	29,971	65,054
Interest income	11	6	5
Other Revenue	-	-	1,757
Total revenues	19,912	130,486	275,000
Total funds available	19,912	130,486	275,000
EXPENDITURES			
General and administrative			
County Treasurer's fee	205	1,332	2,891
County Treasurers Fee - Fire	69	450	976
Contingency	-	-	1,757
Intergovernmental expenditures	15,084	99,183	205,298
Payment to Town	4,554	29,521	64,078
Total expenditures	19,912	130,486	275,000
Total expenditures and transfers out requiring appropriation	19,912	130,486	275,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/7/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 5,955,824	\$ 4,211,815	\$ 3,259,490
REVENUES			
Property Taxes	34,246	222,024	481,912
Specific ownership tax	2,954	21,900	38,553
Facilities fees	18,000	636,000	576,000
Interest income	32,124	1,900	2,800
Total revenues	87,324	881,824	1,099,265
Total funds available	6,043,148	5,093,639	4,358,755
EXPENDITURES			
Debt Service			
Series 2018A Bonds Interest	1,824,819	1,824,819	1,824,819
County Treasurer's fee	514	3,330	7,229
Trustee fees	6,000	6,000	6,000
Contingency	-	-	5,952
Total expenditures	1,831,333	1,834,149	1,844,000
Total expenditures and transfers out requiring appropriation	1,831,333	1,834,149	1,844,000
ENDING FUND BALANCE	\$ 4,211,815	\$ 3,259,490	\$ 2,514,755
CAPITALIZED INTEREST FUND	\$ 1,165,841	\$ -	\$ -
SURPLUS FUND	3,045,974	3,259,490	2,514,755
TOTAL RESERVE	\$ 4,211,815	\$ 3,259,490	\$ 2,514,755

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**CAPITAL PROJECTS FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/7/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 25,820,962	\$ 4,934,915	\$ 3,280,000
REVENUES			
Interest income	128,321	2,332	1,600
Total revenues	128,321	2,332	1,600
Total funds available	25,949,283	4,937,247	3,281,600
EXPENDITURES			
Capital Projects			
Intergovernmental Expenditure - District No. 1	21,014,368	1,657,247	3,281,600
Total expenditures	21,014,368	1,657,247	3,281,600
Total expenditures and transfers out requiring appropriation	21,014,368	1,657,247	3,281,600
ENDING FUND BALANCE	\$ 4,934,915	\$ 3,280,000	\$ -

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Douglas County on December 3, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Douglas County, Colorado.

The District was organized to provide financing for the design, acquisition, installation and construction of sanitation improvements, water improvements, street improvements, traffic and safety control improvements, park and recreation improvements, transportation improvements, television relay and translation improvements, mosquito control, fire protection, emergency medical services, and operation and maintenance of the District. Under the Service Plan, the District is the Financing District related to Crowfoot Valley Ranch Metropolitan District No. 1, the Service District ("District No. 1").

On November 4, 2014, the District's voters authorized general obligation indebtedness of \$53,000,000 for street improvements, \$53,000,000 for parks and recreation, \$53,000,000 for water supply system, \$53,000,000 for sanitary sewer system, \$53,000,000 for traffic and safety control, \$53,000,000 for public transport, \$53,000,000 for fire protection and emergency response facilities, and \$106,000,000 for refinancing of District debt. This voter authorization replaced the voter authorization of November 5, 2002. District voters also approved authorization for the District to retain and spend District revenues, from any lawful source, in excess of the spending, revenue raising or other limitations in Article X, Section 20 of the Colorado constitution.

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

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

**Revenues**

**Property Taxes**

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.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

The District's service plan sets a mill levy cap for payment of general obligation debt and for operations and maintenance of 70.000 mills district wide, with 20.000 mills for operating costs. Additionally, 6.750 mills is designated for fire protection, payable to the Castle Rock Fire Protection District. The operating mill levy may include an additional levy not to exceed 10.00 mills for subdistricts created to serve specific areas within 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 June 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 property taxes levied are as shown on the Property Tax Summary Page.

**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 8.0% of the total property taxes collected by the General Fund.

**Interest Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately .10%.

**Facilities Fees**

Capital Fees are pledged to the payment of the Bonds and are generally defined to mean all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District at the time of issuance of the Bonds or thereafter, including Facilities Fees. The District is expected to adopt a Facilities Fee Resolution prior to the issuance of the Bonds. Capital Fees do not include Excluded Fees, which are defined in the Indentures as any fee imposed by the District solely for the purpose of funding operation and maintenance expenses.

The Facilities Fee Resolution will impose a one-time fee in the amount of \$3,000 for each single-family or multi-family dwelling unit located within the District. The Facilities Fees are payable at the time a building permit is issued by the County for any dwelling unit. Facilities Fees are pledged to the payment of the Bonds.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures**

**General and Administrative Expenditures**

General and administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

**Payment to Town**

The District has entered into an intergovernmental agreement with the Town of Castle Rock for fire protection and emergency response services. The Town of Castle Rock was required to build a new fire station to service the District and as a result the District agreed to levy 7.514 mills, as adjusted for changes in assessed valuation, and remit the proceeds, net of collection fees, to the Town annually.

**County Treasurer's Fees**

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

**Debt and Leases**

**Series 2018 Bonds**

One June 19, 2018 the District issued 2018A Senior Bonds and the 2018B Subordinate Bonds in the respective amounts of \$31,945,000 and \$3,260,000. Proceeds from the sale of the 2018A Senior Bonds will be used to: (i) finance or reimburse the costs of public improvements related to the Development; (ii) fund capitalized interest on the 2018A Senior Bonds; (iii) make an initial deposit to the 2018A Surplus Fund; and (iv) pay the costs of issuance of the Bonds. Proceeds from the sale of the 2018B Subordinate Bonds will be used to: (i) finance or reimburse the cost of public improvements related to the Development; and (ii) pay certain other costs of issuance of the 2018B Subordinate Bonds.

The 2018A Senior Bonds are will bear interest at rates ranging from 5.625% to 5.750% and are payable semi-annually on June 1 and December 1, beginning on December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2026. The 2018A Senior Bonds mature on December 1, 2048. The 2018B Subordinate Bonds are assumed to be issued at the rate of 8% per annum and are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2048.

The 2018B Subordinate Bonds will bear interest at 8.00% and are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2018B Subordinate Bonds compounds annually at the rate then borne by the 2018B Subordinate Bonds on each December 15. In the event any amounts due and owing on the 2018B Subordinate Bonds remain outstanding on December 15, 2058, such amounts shall be deemed discharged and shall no longer be due and outstanding.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - (continued)**

The 2018A Senior Bonds are payable solely from and to the extent of the Senior Pledged Revenue, defined generally in the 2018A Senior Indenture as the following, net of any costs of collection: a) all Senior Property Tax Revenues (generally defined as revenues resulting from the imposition of the Senior Required Mill Levy); b) all Senior Specific Ownership Tax Revenues, resulting from the imposition of the Senior Required Mill Levy; c) all Capital Fees; and d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The 2018A Senior Bonds are additionally secured by the 2018A Surplus Fund, which will initially be partially funded with proceeds of the 2018A Senior Bonds, and will also be funded with excess Senior Pledged Revenue, if any, to the Maximum Surplus Amount of \$6,389,000, and by capitalized interest which will be funded with proceeds of the 2018A Senior Bonds. Amounts on deposit in the 2018A Surplus Fund (if any) on the final maturity date of the 2018A Senior Bonds shall be applied to the payment of the 2018A Senior Bonds. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in December 2047.

The 2018B Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue, which is defined generally in the 2018B Subordinate Indenture as the following, net costs of collection: a) all Subordinate Property Tax Revenues (generally defined as revenues resulting from the imposition of the Subordinate Required Mill Levy); b) all Subordinate Specific Ownership Tax Revenues, resulting from the imposition of the Subordinate Required Mill Levy; c) all Subordinate Capital Fee Revenue; and d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. Subordinate Capital Fee Revenue is defined as any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Obligations. For the Senior Required Mill Levy and the Subordinate Required Mill Levy, the Indentures separate property taxes and specific ownership taxes generated by each mill levy. Receipts generated from the Senior Required Mill Levy are pledged to the repayment of the 2018A Senior Bonds and receipts generated from the Subordinate Required Mill Levy are pledged to the repayment of the 2018B Subordinate Bonds. In no event is Subordinate Pledged Revenue required to be deposited to the Senior Bond Fund or to be applied to debt service on the 2018A Senior Bonds. Assumptions related to debt principal amounts, bond interest rates, issuance costs, capitalized interest amounts, and other related debt service costs for the proposed 2018A Senior Bonds and 2018B Subordinate Bonds have been provided to Management by D.A. Davidson & Co., the underwriter of the proposed bond issuance of the District.

	Balance at December 31, 2020			Balance at December 31, 2021		
		Additions	Reductions			
G.O Bonds - Series 2018B Unpaid Interest	\$ 708,082	\$ 317,447	\$ -	\$ 1,025,529		
Total	<u>\$ 708,082</u>	<u>\$ 317,447</u>	<u>\$ -</u>	<u>\$ 1,025,529</u>		
	Balance at December 31, 2021			Balance at December 31, 2022		
		Additions	Reductions			
G.O Bonds - Series 2018B Unpaid Interest	\$ 1,025,529	\$ 342,842	\$ -	\$ 1,368,371		
Total	<u>\$ 1,025,529</u>	<u>\$ 342,842</u>	<u>\$ -</u>	<u>\$ 1,368,371</u>		

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 2**  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - (continued)**

**Leases**

The District has no outstanding indebtedness, 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. 1, which pays for all the District's operations and maintenance costs, an Emergency Reserve is not reflected in the District's budget.

**Surplus Fund**

The 2018A Senior Bonds are additionally secured by the 2018A Surplus Fund, which will initially be partially funded with proceeds of the 2018A Senior Bonds, and will also be funded with excess Senior Pledged Revenue, if any, to the Maximum Surplus Amount of \$6,389,000, and by capitalized interest which will be funded with proceeds of the 2018A Senior Bonds.

**This information is an integral part of the accompanying budget.**

**CROWFOOT VALLEY RANC METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**LONG TERM DEBT**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$31,945,000 Limited Tax General Obligation Bonds Series 2018A Interest 5.625% - 5.750% Dated June 13, 2018 Interest Payable June 1 and December 1 Principal Payable December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ -	\$ 1,824,819	\$ 1,824,819
2023	-	1,824,819	1,824,819
2024	-	1,824,819	1,824,819
2025	-	1,824,819	1,824,819
2026	25,000	1,824,819	1,849,819
2027	190,000	1,823,413	2,013,413
2028	380,000	1,812,725	2,192,725
2029	515,000	1,791,350	2,306,350
2030	660,000	1,762,381	2,422,381
2031	710,000	1,725,256	2,435,256
2032	800,000	1,685,319	2,485,319
2033	845,000	1,640,319	2,485,319
2034	945,000	1,592,788	2,537,788
2035	995,000	1,539,631	2,534,631
2036	1,105,000	1,483,663	2,588,663
2037	1,165,000	1,421,506	2,586,506
2038	1,280,000	1,355,975	2,635,975
2039	1,355,000	1,283,975	2,638,975
2040	1,485,000	1,206,063	2,691,063
2041	1,570,000	1,120,675	2,690,675
2042	1,715,000	1,030,400	2,745,400
2043	1,815,000	931,788	2,746,788
2044	1,970,000	827,425	2,797,425
2045	2,085,000	714,150	2,799,150
2046	2,260,000	594,263	2,854,263
2047	2,390,000	464,313	2,854,313
2048	5,685,000	326,888	6,011,888
	<u>\$ 31,945,000</u>	<u>\$ 37,258,361</u>	<u>\$ 69,203,361</u>

No assurance provided. See summary of significant assumptions.