

THE VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 2
2023 BUDGET MESSAGE

The Village At Dry Creek Metropolitan District No. 2 (“District”) is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act.

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

The following budget is prepared on the modified accrual basis of accounting.

2023 Budget Strategy

Village At Dry Creek Metropolitan Districts Nos. 1 - 4 were formed to provide for all or part of the Public Improvements, as defined in the districts’ Service Plan, for the use and benefit of all anticipated inhabitants and taxpayers of the districts. The primary purpose of District No. 1 is to coordinate the financing, construction and maintenance of these Public Improvements. The primary purpose of Districts Nos. 2 - 4 is to be financing districts.

Revenues

The District’s primary sources of revenue are 1) property taxes resulting from the imposition of a 12.500 general fund mill levy and 2) PIF revenue. Property tax revenue is transferred to District No. 1 for the funding of administrative and operating and maintenance expenditures. PIF revenue, net of collection expense, is pledged to fund debt service for the Series 2019 General Obligation Bonds.

Expenditures

The District has adopted two separate funds: 1) a General Fund to provide for the transfer of net taxes collected from the general mill levy to District No. 1 and; 2) a Debt Service Fund to provide for debt service on debt issued by the District in 2019. Debt service is funded by net PIF collections.

Village At Dry Creek Metropolitan District No. 2
Statement of Net Position

| | October 31, 2022 | | | | |
|--|------------------|-------------------|-----------------------|---------------------|---------------------|
| | General Fund | Debt Service Fund | Capital Projects Fund | Fixed Assets & LTD | TOTAL |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| US Bank | - | - | - | - | - |
| Colotrust | 41,318 | - | - | - | 41,318 |
| Series 2019 Project Fund | - | - | - | - | - |
| Series 2019 Bond Fund | - | 736,284 | - | - | 736,284 |
| Series 2019 COI Acct | - | - | - | - | - |
| Series 2019 Reserve Fund | - | 1,428,469 | - | - | 1,428,469 |
| Series 2019 Capitalized Interest Acct | - | - | - | - | - |
| Series 2019 Surplus Acct | - | 1,886,196 | - | - | 1,886,196 |
| Series 2019 Redemption Account | - | 1,671,662 | - | - | 1,671,662 |
| Due from District 1 | - | 209,596 | - | - | 209,596 |
| Due from County Treasurer | - | - | - | - | - |
| Property Taxes Receivable | - | - | - | - | - |
| Prepaid Expenses | - | - | - | - | - |
| TOTAL CURRENT ASSETS | 41,318 | 5,932,207 | - | - | 5,973,526 |
| FIXED ASSETS | | | | | |
| Infrastructure Improvements | - | - | - | - | - |
| Accumulated Depreciation | - | - | - | - | - |
| TOTAL FIXED ASSETS | - | - | - | - | - |
| OTHER ASSETS | | | | | |
| TOTAL OTHER ASSETS | - | - | - | - | - |
| TOTAL ASSETS | 41,318 | 5,932,207 | - | - | 5,973,526 |
| LIABILITIES & DEFERED INFLOWS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts Payable | - | - | - | - | - |
| Accrued Liabilities | 10,390 | - | - | - | 10,390 |
| Due to District 1 | - | - | - | - | - |
| TOTAL CURRENT LIABILITIES | 10,390 | - | - | - | 10,390 |
| DEFERRED INFLOWS | | | | | |
| Deferred Property Taxes | - | - | - | - | - |
| TOTAL DEFERRED INFLOWS | - | - | - | - | - |
| LONG-TERM LIABILITIES | | | | | |
| Capital and Service Obligation Due To #1 | - | - | - | 5,848,730 | 5,848,730 |
| Accrued Interest | - | - | - | 61,881 | 61,881 |
| 2019 Series Bonds | - | - | - | 16,973,000 | 16,973,000 |
| TOTAL LONG-TERM LIABILITIES | - | - | - | 22,883,611 | 22,883,611 |
| TOTAL LIAB & DEF INFLOWS | 10,390 | - | - | 22,883,611 | 22,894,001 |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | - | - | - | - | - |
| Amount to be Provided for Debt | - | - | - | (17,034,881) | (17,034,881) |
| Amount to be Prov for Cap/Svc Obligation | - | - | - | (5,848,730) | (5,848,730) |
| Nonspendable | - | - | - | - | - |
| Restricted For Emergencies | 11,617 | - | - | - | 11,617 |
| Restricted For Debt Service | - | 5,932,207 | - | - | 5,932,207 |
| Assigned for Capital Replacement | - | - | - | - | - |
| Unassigned | 19,312 | - | - | - | 19,312 |
| TOTAL NET POSITION | 30,929 | 5,932,207 | - | (22,883,611) | (16,920,475) |
| | = | = | = | = | = |

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substantially all disclosures required by GAAP omitted.

The Village At Dry Creek Metropolitan District No. 2
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 For the Period Indicated

Modified Accrual Basis

Print Date: 1/15/2023

| | 2021 Audited Actual | 2022 Adopted Budget | 2022 Amended Budget | 2022 Forecast | YTD Thru 10/31/22 Actual | YTD Thru 10/31/22 Budget | Variance Positive (Negative) | 2023 Adopted Budget | Budget Notes/Assumptions |
|-----------------------------------|---------------------------|---------------------------|---------------------------|------------------|--------------------------------|--------------------------------|------------------------------------|---------------------------|--|
| PROPERTY TAXES | | | | | | | | | |
| Assessed Valuation | 27,640,630 | 27,684,810 | 27,684,810 | 27,684,810 | | | | 26,838,840 | Final AV as of 12-01-2022 |
| Mill Levy | | | | | | | | | |
| General Fund | 12.500 | 12.500 | 12.500 | 12.500 | | | | 12.500 | Same as 2022, likely need to increase in later years |
| Debt Service Fund | - | - | - | - | | | | - | No Debt Levy Required |
| Other | - | - | - | - | | | | - | None Required |
| Total Mill Levy | 12.500 | 12.500 | 12.500 | 12.500 | | | | 12.500 | |
| Property Taxes Levied | | | | | | | | | |
| General Fund | 345,508 | 346,060 | 346,060 | 346,060 | | | | 335,486 | AV * Mill Levy / 1,000 |
| Debt Service Fund | - | - | - | - | | | | - | AV * Mill Levy / 1,000 |
| Other | - | - | - | - | | | | - | AV * Mill Levy / 1,000 |
| Total Propety Taxes Levied | 345,508 | 346,060 | 346,060 | 346,060 | | | | 335,486 | |

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|--|---------------------------|---------------------------|---------------------------|------------------|--------------------------------|--------------------------------|------------------------------------|---------------------------|---|
| GENERAL FUND | | | | | | | | | |
| REVENUE | | | | | | | | | |
| Property taxes | 343,296 | 346,060 | 346,060 | 349,339 | 349,339 | 346,060 | 3,279 | 335,486 | Based on 12.5 mills |
| Specific ownership taxes | 28,357 | 27,685 | 27,685 | 27,689 | 19,184 | 20,764 | (1,579) | 26,839 | 8% of Property Taxes |
| Interest income - Taxes | 66 | 150 | 150 | 1,500 | 1,499 | 90 | 1,409 | 1,500 | Based on 2022 Forecast |
| Other income | - | 10,000 | 12,000 | - | - | - | - | 10,000 | Budget to Allow for Contingency |
| TOTAL REVENUE | 371,718 | 383,895 | 385,895 | 378,528 | 370,022 | 366,914 | 3,108 | 373,824 | |
| EXPENDITURES | | | | | | | | | |
| Accounting | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Audit | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Legal | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Management | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Director's fees | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Election | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Insurance & bonds | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Dues & subscriptions | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Bank Charges | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Treasurer's fees | 5,149 | 5,191 | 5,191 | 5,240 | 5,240 | 5,191 | (49) | 5,032 | 1.5% of Property Taxes |
| Miscellaneous | - | - | - | - | - | - | - | - | Paid By District No. 1 |
| Contingency | - | 10,000 | 11,500 | - | - | - | - | 10,000 | Budget to Allow for Contingency |
| TOTAL EXPENDITURES | 5,149 | 15,191 | 16,691 | 5,240 | 5,240 | 5,191 | (49) | 15,032 | |
| EXCESS REVENUES OVER EXPENDITURES | 366,569 | 368,704 | 369,204 | 373,288 | 364,782 | 361,723 | 3,059 | 358,792 | |
| OTHER SOURCES (USES) | | | | | | | | | |
| Developer Advances | - | - | - | - | - | - | - | - | |
| Transfers To District #1 | (362,133) | (368,000) | (380,000) | (382,000) | (357,000) | (347,790) | (9,210) | (359,000) | Net transferred to District #1 For Operations |
| Total Other Sources / (Uses) | (362,133) | (368,000) | (380,000) | (382,000) | (357,000) | (347,790) | (9,210) | (359,000) | |
| CHANGE IN FUND BALANCE | 4,436 | 704 | (10,796) | (8,712) | 7,782 | 13,932 | (6,151) | (208) | |
| BEGINNING FUND BALANCE | 18,711 | 11,479 | 23,147 | 23,147 | 23,147 | 11,479 | 11,668 | 14,435 | |
| ENDING FUND BALANCE | 23,147 | 12,183 | 12,351 | 14,435 | 30,929 | 25,412 | 5,517 | 14,227 | |
| COMPONENTS OF FUND BALANCE | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | |
| Restricted- TABOR emergency reserve | 11,152 | 11,517 | 11,901 | 11,617 | 11,617 | | | 11,221 | |
| Unassigned | 11,996 | 667 | 450 | 2,818 | 19,312 | | | 3,006 | |
| TOTAL ENDING FUND BALANCE | 23,147 | 12,183 | 12,351 | 14,435 | 30,929 | | | 14,227 | |
| = | = | = | = | = | = | = | = | = | |

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For the Period Indicated

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|---|---------------------------|---------------------------|---------------------------|------------------|--------------------------------|--------------------------------|------------------------------------|---------------------------|--|
| DEBT SERVICE FUND | | | | | | | | | |
| REVENUE | | | | | | | | | |
| Credit PIF | 2,063,276 | 2,100,000 | 2,100,000 | 2,310,000 | 1,521,576 | 1,417,126 | 104,450 | 2,380,000 | 1.4%- Based on Projected Sales of \$170M |
| Add-On PIF | 589,507 | 600,000 | 600,000 | 660,000 | 434,736 | 404,893 | 29,843 | 680,000 | 0.4%- Based on Projected Sales of \$170M |
| Property taxes | - | - | - | - | - | - | - | - | No Debt Levy Required |
| Specific ownership taxes | - | - | - | - | - | - | - | - | 8% of Property Taxes |
| PIF Penalty Income | 13,002 | 10,600 | 10,600 | 12,000 | 10,226 | 8,985 | 1,241 | 12,000 | Based off of 2022 Forecast |
| Interest Income - Bank Accounts | 254 | 200 | 200 | - | - | 167 | (167) | - | Based off of 2022 Forecast |
| Interest Income - Trustee | 2,136 | 1,000 | 1,000 | 50,000 | 36,033 | 833 | 35,199 | 159,000 | 3.5% of Beginning Fund Balance |
| Interest Income - PIF | 8,291 | 6,500 | 6,500 | 3,750 | 3,068 | 5,417 | (2,349) | 3,750 | Based off of 2022 Forecast |
| Other Income | - | 200,000 | 200,000 | - | - | - | - | 300,000 | Budget High to Allow For Contingency |
| TOTAL REVENUE | 2,676,466 | 2,918,300 | 2,918,300 | 3,035,750 | 2,005,638 | 1,837,420 | 168,217 | 3,534,750 | |
| EXPENDITURES | | | | | | | | | |
| Accounting | - | - | - | - | - | - | - | - | |
| Legal | - | - | - | - | - | - | - | - | |
| PIF Collection Fee | 25,919 | 30,000 | 30,000 | 30,000 | 23,480 | 25,000 | 1,520 | 30,000 | Based off of 2022 Forecast |
| Bond Interest | 819,000 | 742,569 | 742,569 | 742,569 | 371,284.38 | 371,284 | - | 653,494 | Assuming Additional Paydownin 2021 |
| Bond Principal-Scheduled | 315,000 | 365,000 | 365,000 | 365,000 | - | - | - | 395,000 | Interest at 4.375% |
| Bond Principal-Early Redemption | 1,432,000 | 1,575,000 | 1,575,000 | 1,671,000 | - | - | - | 2,355,000 | Excess above \$1,872,000 Surplus |
| Paying Agent / Trustee Fees | 4,579 | 7,000 | 7,000 | 7,000 | 5,234 | 6,417 | 1,182 | 7,000 | |
| Treasurer's fees | - | - | - | - | - | - | - | - | |
| Contingency | - | 200,000 | 200,000 | - | - | - | - | 300,000 | Equal to Other Income in Case of Add'l PIF |
| TOTAL EXPENDITURES | 2,596,498 | 2,919,569 | 2,919,569 | 2,815,569 | 399,999 | 402,701 | 2,702 | 3,740,494 | |
| Excess Revenue Over Expenditures | 79,968 | (1,269) | (1,269) | 220,181 | 1,605,639 | 1,434,719 | 170,920 | (205,744) | |
| OTHER SOURCES / (USES) | | | | | | | | | |
| Developer Advances | - | - | - | - | - | - | - | - | |
| Bond Proceeds | - | - | - | - | - | - | - | - | |
| Bond Issuance Costs | - | - | - | - | - | - | - | - | |
| Bond Proceeds Transfer to #1 | - | - | - | - | - | - | - | - | |
| Transfer From #3 | - | - | - | - | - | - | - | - | |
| Transfers In/(Out) of Fund | - | - | - | - | - | - | - | - | |
| Total Other Sources / (Uses) | - | - | - | - | - | - | - | - | |
| CHANGE IN FUND BALANCE | 79,968 | (1,269) | (1,269) | 220,181 | 1,605,639 | 1,434,719 | 170,920 | (205,744) | |
| BEGINNING FUND BALANCE | 4,246,600 | 4,343,858 | 4,343,858 | 4,326,568 | 4,326,568 | 4,343,858 | (17,290) | 4,546,749 | |
| ENDING FUND BALANCE | 4,326,568 | 4,342,589 | 4,342,589 | 4,546,749 | 5,932,207 | 5,778,577 | 153,630 | 4,341,005 | |
| COMPONENTS OF FUND BALANCE | = | = | = | = | = | = | = | = | |
| Reserve Fund | 1,428,469 | 1,428,469 | 1,428,469 | 1,428,469 | 1,428,469 | - | - | 1,428,469 | Per Bond Docs |
| Capitalized Interest Fund | - | - | - | - | - | - | - | - | |
| Project Fund | - | - | - | - | - | - | - | - | |
| Bond Payment Fund | 321,625 | 556,120 | 556,120 | 815,080 | 736,284 | - | - | 612,000 | Revenues collected between 10/23 & 12/31 |
| Accrued PIF Receivable | 703,778 | 486,000 | 486,000 | 415,800 | 209,596 | - | - | 428,400 | Dec Revenues not collected until January |
| Surplus Fund | 1,872,104 | 1,872,000 | 1,872,000 | 1,872,000 | 1,886,196 | - | - | 1,872,000 | Built to Max of \$1,872,000 |
| Bond Redemption Fund | 591 | - | - | 15,400 | 1,671,662 | - | - | 136 | Remaining Balance |
| TOTAL ENDING FUND BALANCE | 4,326,568 | 4,342,589 | 4,342,589 | 4,546,749 | 5,932,207 | | | 4,341,005 | |
| | = | = | = | = | = | | | = | |

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