

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

10/6/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ 4,591,180	\$ 4,593,181	\$ 4,593,181	\$ 4,407,952
REVENUES					
Property taxes	21	400	400	400	12,839
Specific ownership tax	1	28	15	30	899
Interest income	-	6,300	202	404	2,000
Other revenue	-	-	-	-	2,252
Facilities Fees	-	47,500	-	47,500	270,000
Bond issuance - Series 2020A	4,810,000	-	-	-	-
Bond Premium - Series 2020A	107,838	-	-	-	-
Bond issuance - Series 2020B	843,000	-	-	-	-
Total revenues	<u>5,760,860</u>	<u>54,228</u>	<u>617</u>	<u>48,334</u>	<u>287,990</u>
TRANSFERS IN	<u>724,971</u>	-	-	-	-
Total funds available	<u>6,485,831</u>	<u>4,645,408</u>	<u>4,593,798</u>	<u>4,641,515</u>	<u>4,695,942</u>
EXPENDITURES					
General Fund	4	86	83	86	5,000
Debt Service Fund	-	233,477	106,227	233,477	250,000
Capital Projects Fund	1,167,675	3,870,991	-	-	3,870,032
Total expenditures	<u>1,167,679</u>	<u>4,104,554</u>	<u>106,310</u>	<u>233,563</u>	<u>4,125,032</u>
TRANSFERS OUT	<u>724,971</u>	-	-	-	-
Total expenditures and transfers out requiring appropriation	<u>1,892,650</u>	<u>4,104,554</u>	<u>106,310</u>	<u>233,563</u>	<u>4,125,032</u>
ENDING FUND BALANCES	<u>\$ 4,593,181</u>	<u>\$ 540,854</u>	<u>\$ 4,487,488</u>	<u>\$ 4,407,952</u>	<u>\$ 570,910</u>
DEBT SERVICE RESERVE	378,250	378,250	378,250	378,250	378,250
SURPLUS FUND	-	-	-	40,920	192,660
CAPITALIZED INTEREST	346,721	120,250	240,500	120,250	-
TOTAL RESERVE	<u>\$ 724,971</u>	<u>\$ 498,500</u>	<u>\$ 618,750</u>	<u>\$ 539,420</u>	<u>\$ 570,910</u>

No assurance provided. See summary of significant assumptions.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

10/6/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION					
Agricultural	\$ 415	\$ 7,994	\$ 7,994	\$ 7,994	\$ -
Vacant land	-	-	-	-	256,777
	415	7,994	7,994	7,994	256,777
Adjustments	-	-	-	-	-
Certified Assessed Value	<u>\$ 415</u>	<u>\$ 7,994</u>	<u>\$ 7,994</u>	<u>\$ 7,994</u>	<u>\$ 256,777</u>
MILL LEVY					
General	10.000	10.000	10.000	10.000	10.000
Debt Service	40.000	40.000	40.000	40.000	40.000
Total mill levy	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>
PROPERTY TAXES					
General	\$ 4	\$ 80	\$ 80	\$ 80	\$ 2,568
Debt Service	17	320	320	320	10,271
Budgeted property taxes	<u>\$ 21</u>	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 12,839</u>
BUDGETED PROPERTY TAXES					
General	<u>\$ 4</u>	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 2,568</u>
Debt Service	<u>17</u>	<u>320</u>	<u>320</u>	<u>320</u>	<u>10,271</u>
	<u>\$ 21</u>	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 12,839</u>

No assurance provided. See summary of significant assumptions.

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

10/6/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Property taxes	4	80	80	80	2,568
Specific ownership tax	-	6	3	6	180
Other revenue	-	-	-	-	2,252
Total revenues	<u>4</u>	<u>86</u>	<u>83</u>	<u>86</u>	<u>5,000</u>
Total funds available	<u>4</u>	<u>86</u>	<u>83</u>	<u>86</u>	<u>5,000</u>
EXPENDITURES					
General and administrative					
County Treasurer's fee	-	2	2	2	51
Contingency	-	-	-	-	2,252
Transfers to District No. 1	4	84	81	84	2,697
Total expenditures	<u>4</u>	<u>86</u>	<u>83</u>	<u>86</u>	<u>5,000</u>
Total expenditures and transfers out requiring appropriation	<u>4</u>	<u>86</u>	<u>83</u>	<u>86</u>	<u>5,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

10/6/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ 724,989	\$ 724,989	\$ 724,989	\$ 539,420
REVENUES					
Property taxes	17	320	320	320	10,271
Specific ownership tax	1	22	12	24	719
Facilities fees	-	47,500	-	47,500	270,000
Interest income	-	1,500	32	64	500
Total revenues	<u>18</u>	<u>49,342</u>	<u>364</u>	<u>47,908</u>	<u>281,490</u>
TRANSFERS IN					
Transfers from other funds	<u>724,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>724,989</u>	<u>774,331</u>	<u>725,353</u>	<u>772,897</u>	<u>820,910</u>
EXPENDITURES					
Debt Service					
County Treasurer's fee	-	6	6	6	205
Contingency	-	-	-	-	2,295
Bond interest	-	226,471	106,221	226,471	240,500
Paying agent fees	-	7,000	-	7,000	7,000
Total expenditures	<u>-</u>	<u>233,477</u>	<u>106,227</u>	<u>233,477</u>	<u>250,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>233,477</u>	<u>106,227</u>	<u>233,477</u>	<u>250,000</u>
ENDING FUND BALANCES	<u>\$ 724,989</u>	<u>\$ 540,854</u>	<u>\$ 619,126</u>	<u>\$ 539,420</u>	<u>\$ 570,910</u>
DEBT SERVICE RESERVE	\$ 378,250	\$ 378,250	\$ 378,250	\$ 378,250	\$ 378,250
SURPLUS FUND	18	42,354	376	40,920	192,660
CAPITALIZED INTEREST	346,721	120,250	240,500	120,250	-
TOTAL RESERVE	<u>\$ 724,989</u>	<u>\$ 540,854</u>	<u>\$ 619,126</u>	<u>\$ 539,420</u>	<u>\$ 570,910</u>

No assurance provided. See summary of significant assumptions.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

10/6/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ 3,866,191	\$ 3,868,192	\$ 3,868,192	\$ 3,868,532
REVENUES					
Interest income	-	4,800	170	340	1,500
Bond Issuance - Series 2020A	4,810,000	-	-	-	-
Bond Premium - Series 2020A	107,838	-	-	-	-
Bond Issuance - Series 2020B	843,000	-	-	-	-
Total revenues	<u>5,760,838</u>	<u>4,800</u>	<u>170</u>	<u>340</u>	<u>1,500</u>
Total funds available	<u>5,760,838</u>	<u>3,870,991</u>	<u>3,868,362</u>	<u>3,868,532</u>	<u>3,870,032</u>
EXPENDITURES					
Capital Projects					
Bond issue costs	385,690	-	-	-	-
Transfers to District No. 1	781,985	3,870,991	-	-	3,870,032
Total expenditures	<u>1,167,675</u>	<u>3,870,991</u>	<u>-</u>	<u>-</u>	<u>3,870,032</u>
TRANSFERS OUT					
Transfers to other fund	<u>724,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,892,646</u>	<u>3,870,991</u>	<u>-</u>	<u>-</u>	<u>3,870,032</u>
ENDING FUND BALANCES	<u>\$ 3,868,192</u>	<u>\$ -</u>	<u>\$ 3,868,362</u>	<u>\$ 3,868,532</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Villages at Johnstown Metropolitan District No. 3 (District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized concurrently with Villages of Johnstown District Nos. 1-2 and 4-8 (collectively, the Districts) by order and decree of the District Court for Larimer County on May 30, 2018, 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 entirely within Johnstown, Larimer County, Colorado.

Pursuant to the Consolidated Service Plan, District No. 1 will serve as the service district and will be responsible for managing the construction and operation of the facilities and improvements for the Districts. Districts Nos. 2-8 will serve as the financing districts and are responsible for providing the funding and tax base needed to support the capital improvements.

During the election held on May 8, 2018, a majority of the District's electors authorized general obligation indebtedness of \$1,190,000,000, for the above listed facilities, intergovernmental agreements and debt refunding. Additionally, on May 8, 2018, the Districts' voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

The Consolidated Service Plan limits the aggregate amount of debt that may be issued by the Districts to \$72,500,000.

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, sale 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 information page of the budget.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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 7% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.10%.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 2.0% of property tax collections.

Debt Service

Principal and interest payments in 2022 are provided based on the debt amortization schedule from the Series 2020A Bonds (discussed under Debts and Leases). There is no debt amortization schedule provided for the Series 2020B Subordinate Bonds as the Bond is a cash flow bond and the timing of the payments are unknown.

Capital Outlay

The District anticipates capital outlay as outlined in the Capital Project Fund.

Transfers to Villages at Johnstown Metropolitan District No. 1

Pursuant to the District Coordinating Services Agreement, Villages at Johnston Metropolitan District No. 1 will provide certain operation, maintenance and administrative services benefitting the Districts. The Districts will pay all costs of such services through the imposition of ad valorem property taxes and transferring the net tax revenues to Villages at Johnston Metropolitan District No. 1.

Pursuant to the Infrastructure Acquisition and Reimbursement Agreement, and the Addendum to that agreement, between the District, Villages at Johnstown Metropolitan District No. 1, and J-25 Land Holdings, LLC ("the Developer"), Villages at Johnstown Metropolitan District No. 1 will acquire public infrastructure constructed or caused to be constructed by the Developer, and the District will be responsible for reimbursing the Developer. These funds will be transferred to Villages at Johnstown Metropolitan District No. 1 and reimbursed to the Developer from District No. 1 in accordance with this Agreement and Addendum.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

Series 2020 Bonds

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A on December 22, 2020, in the par amount of \$4,810,000 (the Senior Bonds). The District also issued Subordinate Limited Tax General Obligation Bonds, Series 2020B on December 22, 2020, in the par amount of \$843,000 (the Subordinate Bonds). Proceeds from the sale of the Senior Bonds were/will be used to (i) finance or reimburse the costs of public improvements related to a residential development in the Town; (ii) pay capitalized interest on the Senior Bonds; (iii) fund the Reserve Fund to the Reserve Requirement; and (iv) pay other costs in connection with the issuance of the Bonds. Proceeds of the Subordinate Bonds will be used to finance or reimburse the costs of public improvements related to the development.

Senior Bonds Details

The Senior Bonds bear interest at the rate of 5.000%, payable semi-annually on June 1 and December 1 (each an "Interest Payment Date"), beginning on June 1, 2021. The Senior Bonds were issued as a term bond that has annual mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2025. The Senior Bonds mature on December 1, 2050. To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge of the Senior Bonds on December 1, 2059 (the "Senior Bonds Discharge Date"). To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Senior Bond. In the event any amounts due on the Senior Bonds remain unpaid after the application of all Senior Pledged Revenue available on the Senior Bonds Discharge Date, such amounts shall be deemed discharged and shall no longer be due and outstanding.

Senior Pledged Revenue

The Senior Bonds are secured by and payable from the Senior Pledged Revenue, which means the moneys derived by the District from the following sources, net of any costs of collection and any property tax refunds or abatements authorized by or on behalf of the County: (a) the Senior Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 7.500% per annum and are payable annually on December 15, beginning December 15, 2021 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2050. The Subordinate Bonds 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 Subordinate Bonds compounds annually on each December 15. Principal on the Subordinate Bonds is to be paid on the Mandatory Redemption Date (each December 15) only to the extent Subordinate Pledged Revenue is available therefor.

All of the Subordinate Bonds and interest thereon are to be deemed to be discharged after the application of all available Subordinate Pledged Revenue on December 15, 2059 (the "Subordinate Bonds Discharge Date"), regardless of the amount of principal and interest paid prior to the Subordinate Bonds Discharge Date.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of any costs of collection and any property tax refunds or abatements authorized by or on behalf of the County, which includes: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax resulting from the Subordinate Required Mill Levy; (c) the Subordinate Capital Fee Revenue; (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2025, to November 30, 2026	3.00%
December 1, 2026, to November 30, 2027	2.00
December 1, 2027, to November 30, 2028	1.00
December 1, 2028, and thereafter	0.00

Senior Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy upon all taxable property of the District each year in an amount necessary to generate Senior Property Tax Revenues sufficient to pay the Senior Bonds when due and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 40 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2018). For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy is to be equal to 40 mills (subject to adjustment), or such lesser amount that will generate Senior Property Tax Revenues (A) sufficient to pay the Senior Bonds when due, to replenish the Reserve Fund to the Reserve Requirement, and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Senior Bond Fund, the Surplus Fund and the Reserve Fund, will pay the Senior Bonds in full in the year such levy is collected.

Subordinate Required Mill Levy

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy upon all taxable property in the District each year in an amount equal to (i) 40 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2018) less the Senior Obligation Mill levy, or (ii) such lesser amount that will generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Subordinate Bonds in full in the year such levy is collected. Senior Obligation Mill Levy means the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations.

The District has no operating or capital leases.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2022, as defined under TABOR, because net tax revenue is transferred to District No. 1, the service district, which provides for the required reserve amount.

Debt Service Reserve

The District is required to maintain a debt service reserve of \$378,250 under the terms of the Bonds. This reserve was initially established from the proceeds of the Senior Bonds.

Debt Service Reserve (Surplus Fund)

The District is required to maintain a Surplus Fund from funds that exceed the current year debt service requirements as outlined in the terms of the Bonds. The Surplus Fund is not to exceed \$481,000 and shall be drawn in the event Pledged Revenues are insufficient to cover current year debt service requirements.

This information is an integral part of the accompanying budget.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2022

Year Ended December 31,	Series 2020A Senior Bonds \$4,810,000 Interest Rate 5.00% Dated December 22, 2020		
	Principal	Interest	Total
2022	\$ -	\$ 240,500	\$ 240,500
2023	-	240,500	240,500
2024	-	240,500	240,500
2025	5,000	240,500	245,500
2026	65,000	240,250	305,250
2027	65,000	237,000	302,000
2028	75,000	233,750	308,750
2029	80,000	230,000	310,000
2030	90,000	226,000	316,000
2031	95,000	221,500	316,500
2032	105,000	216,750	321,750
2033	110,000	211,500	321,500
2034	120,000	206,000	326,000
2035	130,000	200,000	330,000
2036	140,000	193,500	333,500
2037	150,000	186,500	336,500
2038	165,000	179,000	344,000
2039	170,000	170,750	340,750
2040	185,000	162,250	347,250
2041	195,000	153,000	348,000
2042	215,000	143,250	358,250
2043	225,000	132,500	357,500
2044	240,000	121,250	361,250
2045	255,000	109,250	364,250
2046	275,000	96,500	371,500
2047	290,000	82,750	372,750
2048	310,000	68,250	378,250
2049	325,000	52,750	377,750
2050	730,000	36,500	766,500
	\$ 4,810,000	\$ 5,072,750	\$ 9,882,750

No assurance provided. See summary of significant assumptions.