

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/7/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 94,462	\$ 298,604	\$ 367,680
REVENUES			
Property Taxes	1,801,591	2,309,688	2,570,157
Specific Ownership Taxes	207,941	238,992	236,395
Interest Income	13,904	800	100
Revenue - Fire Protection IGA	271,602	345,782	384,777
Other income	-	-	6,500
Total revenues	2,295,038	2,895,262	3,197,929
TRANSFERS IN	229,735	-	605,000
Total funds available	2,619,235	3,193,866	4,170,609
EXPENDITURES			
General Fund	352,819	457,500	485,000
Debt Service Fund	1,723,342	2,368,686	3,045,000
Capital Projects Fund	14,735	-	-
Total expenditures	2,090,896	2,826,186	3,530,000
TRANSFERS OUT	229,735	-	605,000
Total expenditures and transfers out requiring appropriation	2,320,631	2,826,186	4,135,000
ENDING FUND BALANCES	\$ 298,604	\$ 367,680	\$ 35,609
EMERGENCY RESERVE	\$ 17,200	\$ 22,000	\$ 24,400
AVAILABLE FOR OPERATIONS	4,279	272,786	97
TOTAL RESERVE	\$ 21,479	\$ 294,786	\$ 24,497

No assurance provided. See summary of significant assumptions.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/7/21

ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
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ASSESSED VALUATION

Residential	\$ 24,211,290	\$ 30,767,740	\$ 35,574,120
Commercial	91,090	140,460	101,700
Agricultural	2,140	1,540	1,540
State assessed	144,600	156,900	165,700
Vacant land	2,711,060	3,511,590	2,634,640
Exempt	518,360	521,290	521,290
	<u>27,678,540</u>	<u>35,099,520</u>	<u>38,998,990</u>
Adjustments	(518,360)	(521,290)	(521,290)
Certified Assessed Value	<u>\$ 27,160,180</u>	<u>\$ 34,578,230</u>	<u>\$ 38,477,700</u>

MILL LEVY

General	11.055	11.132	11.132
Debt Service	55.277	55.664	55.664
Fire Protection IGA	10.000	10.000	10.000
Total mill levy	<u>76.332</u>	<u>76.796</u>	<u>76.796</u>

PROPERTY TAXES

General	\$ 300,256	\$ 384,925	\$ 428,334
Debt Service	1,501,333	1,924,763	2,141,823
Fire Protection IGA	271,602	345,782	384,777
Levied property taxes	<u>2,073,191</u>	<u>2,655,470</u>	<u>2,954,934</u>
Adjustments to actual/rounding	2	-	-
Budgeted property taxes	<u>\$ 2,073,193</u>	<u>\$ 2,655,470</u>	<u>\$ 2,954,934</u>

BUDGETED PROPERTY TAXES

General	\$ 300,256	\$ 384,925	\$ 428,334
Debt Service	1,501,335	1,924,763	2,141,823
Fire Protection IGA	271,602	345,782	384,777
	<u>\$ 2,073,193</u>	<u>\$ 2,655,470</u>	<u>\$ 2,954,934</u>

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/7/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 32,008	\$ 21,479	\$ 294,786
REVENUES			
Property taxes	300,256	384,925	428,334
Specific ownership tax	-	-	-
Interest income	167	100	100
Other income	-	-	6,500
Revenue - Fire Protection IGA	271,602	345,782	384,777
Total revenues	572,025	730,807	819,711
Total funds available	604,033	752,286	1,114,497
EXPENDITURES			
General and administrative			
Accounting	28,204	27,500	27,500
Auditing	4,700	4,700	4,800
County Treasurer's Fee	8,580	10,961	12,197
Insurance	8,390	9,338	9,500
District Management	13,550	22,000	20,000
Legal	13,575	30,000	17,500
Miscellaneous	20	-	100
Election	-	1,123	-
Contingency	-	3,623	5,898
Operations and maintenance			
Expense - Pond Maintenance	8,273	7,660	8,500
Expense - Fire Protection IGA	267,527	340,595	379,005
Total expenditures	352,819	457,500	485,000
TRANSFERS OUT			
Transfers to other fund	229,735	-	605,000
Total expenditures and transfers out requiring appropriation	582,554	457,500	1,090,000
ENDING FUND BALANCE	\$ 21,479	\$ 294,786	\$ 24,497
EMERGENCY RESERVE	\$ 17,200	\$ 22,000	\$ 24,400
AVAILABLE FOR OPERATIONS	4,279	272,786	97
TOTAL RESERVE	\$ 21,479	\$ 294,786	\$ 24,497

No assurance provided. See summary of significant assumptions.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/7/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 62,454	\$ 277,125	\$ 72,894
REVENUES			
Property Taxes	1,501,335	1,924,763	2,141,823
Specific Ownership Taxes	207,941	238,992	236,395
Interest Income	13,737	700	-
Total revenues	1,723,013	2,164,455	2,378,218
TRANSFERS IN			
Transfers from other funds	215,000	-	605,000
Total funds available	2,000,467	2,441,580	3,056,112
EXPENDITURES			
General and administrative			
County Treasurer's Fee	22,527	28,871	32,127
Miscellaneous	-	-	100
Contingency	-	-	2,958
Paying agent fees	1,815	1,815	1,815
Debt Service			
Bond Interest Series 2007 CAB Bond Interest - #1	1,050,512	-	-
2007 Bonds	648,488	2,338,000	3,008,000
Total expenditures	1,723,342	2,368,686	3,045,000
Total expenditures and transfers out requiring appropriation	1,723,342	2,368,686	3,045,000
ENDING FUND BALANCE	\$ 277,125	\$ 72,894	\$ 11,112

No assurance provided. See summary of significant assumptions.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
CAPITAL PROJECTS FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/7/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
TRANSFERS IN			
Transfers from other funds	14,735	-	-
Total funds available	14,735	-	-
EXPENDITURES			
General and Administrative			
Engineering	14,735	-	-
Total expenditures	14,735	-	-
Total expenditures and transfers out requiring appropriation	14,735	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The Villages at Castle Rock Metropolitan District No. 6, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Ordinance of the Town of Castle Rock on August 15, 1984. The District was established to provide construction, installation, financing and operation of public improvements, including water, sanitary, storm sewer, streets, park and recreation facilities, safety, transportation, television relay, fire protection, and mosquito control primarily for single family residential development within the District. The District's service area is located entirely within the Town of Castle Rock, Douglas County, Colorado.

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$60,000,000 for general obligation bonds at an interest rate not to exceed 18% per annum. In addition, the electors authorized the refunding of up to \$60,000,000 in general obligation bonds at a higher interest rate.

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.

The District's maximum Required Mill Levy is 50.000 mills for the Debt Service Fund, adjusted for changes in the ratio of actual value to assessed value of property within the District. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable. As of December 31, 2019, the adjusted maximum mill levy for debt service is 55.664 mills.

The Second Amended and Restated Service Plan states that in addition to the mill levy for payment of debt service and for operations and maintenance, which is 10.000 mills, the District has a mill levy of 10.000 mills, which is pledged to the Town pursuant to the Fire Protection and Emergency Response IGA.

The total mills levied are as displayed on page 3.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues - (continued)

Property Taxes (Continued)

The method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.15% from 7.96% for property tax years 2019-2020 on June 23, 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 55.664 from 50.000 mills and the general fund mill levy increased to 11.132 from 10.000 mills.

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 forecast assumes that the District's share will be equal to approximately 8% of the property taxes collected by the District. The budget assumes that all of the specific ownership taxes will be pledged to debt service on the bonds during the term the bonds are outstanding.

Net Investment Income

Interest earned on the District's available funds has been estimated based on historical data.

Expenditures

Administrative and Operating Expenditures

Administrative and operating 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, management, insurance, meeting expense, and other administrative expenses. Estimated expenditures related to detention pond maintenance are also included in the General Fund budget.

County Treasurer's Fees

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

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt Service

Bond payments 2021 are provided based on the estimated available funds for the Series 2007 Capital Appreciate Bonds (CABs) (discussed under Debt and Leases). As the exact timing and amount of payments is unknown, a debt service schedule isn't presented.

Debt and Leases

On December 21, 2007, the District issued \$22,647,882 in Tax Limited Capital Appreciation Bonds (CABs). The CABs are convertible to current interest bonds on December 1, 2010, and were to accrete, compound and bear interest at a rate of 8.25%. The proceeds were used to pay for bond issuance costs and to reimburse the Developer for advances made on behalf of the District for capital infrastructure costs.

On February 1, 2017, the District amended the Indenture of Trust related to the \$22,647,882 in Tax Limited Capital Appreciation Bonds (CABs) and the Subordinate Bonds in the aggregate principal amount not to exceed \$37,352,118. The interest rate was reduced to 8.20% and the fully accreted value was reduced to \$4,951 from \$5,000 for both the CABs and the Subordinate Bonds. Optional redemption is available on December 1, 2027, and any date thereafter, upon payment of the full accreted value of the bonds, with no redemption premium.

On December 21, 2007, the District issued Subordinate Bonds in the aggregate principal amount not to exceed \$37,352,118. The District issued \$1,592,000 against the aggregate principal amount on December 21, 2007. The Subordinate Bonds were issued pursuant to a Capital Funding and Acquisition Agreement, dated December 27, 2007, and shall be payable on a subordinate basis to the Series 2007 Bonds. The Subordinate Bonds bear interest at 12% per year and interest compounds semi-annually. The Subordinate Bonds are to be paid with the proceeds of any future bond issuance, or from any available Pledged Revenue pursuant to terms of the Trust Indenture. Issuance of any additional debt against the aggregate principal amount will require prior approval from the Town.

The CABs and the Subordinate Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy; (2) all Specific Ownership Tax collected by the District; (3) the Capital Fees; and (4) any other legally available monies which the District determines, in its sole discretion, to credit to the Bond Fund. Required Mill Levy means an ad valorem mill levy of 50.000 mills imposed upon all taxable property of the District each year. The Required Mill Levy has been and will be adjusted for changes in the ratio of actual value to assessed value of property within the District.

Currently, pledged revenue of the District is not sufficient to pay when due the debt service requirements with respect to the Bonds. The annual debt service schedule of the Senior Bonds is not known, therefore, no debt service schedule for the Senior Bonds is presented. For so long as the District levies the Maximum Required Mill Levy, the inability of the District to pay the debt service requirements with respect to the Bonds when they come due does not constitute an event of default. To the extent principal of any Bond is not paid when due, such principal will remain outstanding until paid. The annual debt service requirements on the 2007 Subordinate Bonds are not currently determinable since they are payable from excess pledged revenue available after payment of the Senior Bonds, therefore no debt service schedule has been presented.

The District has no operating or capital leases.

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

Developer Advances

The District has outstanding developer advances. The anticipated developer advances and other long term debt outstanding are as follows:

	Balance at December 31, 2019	*	Additions	Reductions	Balance at December 31, 2020
Long Term Debt - Direct Borrowings					
2007 Bonds - Accreted Value	\$44,227,164		\$3,589,548	\$2,338,000	\$45,478,712
2007 Subordinate Obligations	1,592,000		-	-	1,592,000
Accrued Interest - 2007 Subordinate Obligations	4,865,502		799,890	-	5,665,392
Developer Advance - Facilities Funding	15,286,423		-	-	15,286,423
Developer Advance - Operations Funding	167,352		-	-	167,352
Interest on Developer Advance - Facilities	6,077,213		955,401	-	7,032,614
Interest on Developer Advance - Operations	136,197		11,715	-	147,912
Total Developer Advances	<u>\$72,351,851</u>		<u>\$5,356,554</u>	<u>\$2,338,000</u>	<u>\$75,370,405</u>
	Balance at December 31, 2020	*	Additions	Reductions	Balance at December 31, 2021
Long Term Debt - Direct Borrowings					
2007 Bonds - Accreted Value	\$45,478,712		\$3,659,812	\$3,008,000	\$46,130,524
2007 Subordinate Obligations	1,592,000		-	-	1,592,000
Accreted Interest - 2007 Bonds	-		-	-	-
Accrued Interest - 2007 Subordinate Obligations	5,665,392		897,059	-	6,562,451
Developer Advance - Facilities Funding	15,286,423		-	-	15,286,423
Developer Advance - Operations Funding	167,352		-	-	167,352
Interest on Developer Advance - Facilities	7,032,614		955,401	-	7,988,015
Interest on Developer Advance - Operations	147,912		11,715	-	159,627
Total Developer Advances	<u>\$75,370,405</u>		<u>\$5,523,987</u>	<u>\$3,008,000</u>	<u>\$77,886,392</u>

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR.

This information is an integral part of the accompanying budget.