

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/7/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 375,028	\$ 707,173	\$ 729,502
REVENUES			
Property Taxes	2,570,159	2,621,878	2,721,696
Specific Ownership Taxes	284,969	266,121	284,401
Interest Income	794	324	700
Revenue - Fire Protection IGA	384,777	432,197	438,312
Bond proceeds - 2021A	29,245,000	-	-
Bond proceeds - 2021B	27,709,000	-	-
System Development Fees	52,000	-	-
Total revenues	60,246,699	3,320,520	3,445,109
TRANSFERS IN	533,857	-	-
Total funds available	61,155,584	4,027,693	4,174,610
EXPENDITURES			
General Fund	528,988	544,643	639,908
Debt Service Fund	59,385,566	2,753,548	2,787,000
Total expenditures	59,914,554	3,298,191	3,426,908
TRANSFERS OUT	533,857	-	-
Total expenditures and transfers out requiring appropriation	60,448,411	3,298,191	3,426,908
ENDING FUND BALANCES	\$ 707,173	\$ 729,502	\$ 747,702
EMERGENCY RESERVE	\$ 24,400	\$ 19,500	\$ 19,800
AVAILABLE FOR OPERATIONS	38,500	147,152	164,512
2021 SURPLUS FUND	-	500,000	500,000
2007 SURPLUS FUND	-	62,624	62,624
TOTAL RESERVE	\$ 62,900	\$ 729,276	\$ 746,936

No assurance provided. See summary of significant assumptions.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/7/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Residential	\$ 35,574,120	\$ 41,699,090	\$ 42,801,900
Personal property	267,400	188,900	170,260
Agricultural	1,540	1,520	1,040
Vacant land	2,634,640	1,330,160	857,950
Exempt	521,290	284,690	284,690
	38,998,990	43,504,360	44,115,840
Adjustments	(521,290)	(284,690)	(284,690)
Certified Assessed Value	<u>\$ 38,477,700</u>	<u>\$ 43,219,670</u>	<u>\$ 43,831,150</u>
MILL LEVY			
General	11.132	5.000	5.000
Debt Service	55.664	55.664	57.095
Fire Protection IGA	10.000	10.000	10.000
Total mill levy	<u>76.796</u>	<u>70.664</u>	<u>72.095</u>
PROPERTY TAXES			
General	\$ 428,334	\$ 216,098	\$ 219,156
Debt Service	2,141,823	2,405,780	2,502,540
Fire Protection IGA	384,777	432,197	438,312
Levied property taxes	2,954,934	3,054,075	3,160,008
Adjustments to actual/rounding	2	-	-
Budgeted property taxes	<u>\$ 2,954,936</u>	<u>\$ 3,054,075</u>	<u>\$ 3,160,008</u>
BUDGETED PROPERTY TAXES			
General	\$ 428,334	\$ 216,098	\$ 219,156
Debt Service	2,141,825	2,405,780	2,502,540
Fire Protection IGA	384,777	432,197	438,312
	<u>\$ 2,954,936</u>	<u>\$ 3,054,075</u>	<u>\$ 3,160,008</u>

No assurance provided. See summary of significant assumptions.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/7/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 312,431	\$ 62,900	\$ 166,652
REVENUES			
106320 Property taxes	428,334	216,098	219,156
106360 Interest income	203	100	100
106800 Revenue - Fire Protection IGA	384,777	432,197	438,312
Total revenues	813,314	648,395	657,568
Total funds available	1,125,745	711,295	824,220
EXPENDITURES			
General and administrative			
107000 Accounting	32,682	36,000	41,400
107020 Auditing	4,900	4,900	5,500
107200 County Treasurer's Fee	12,200	9,724	9,862
107360 Insurance	9,684	9,978	10,200
107440 District Management	31,401	20,000	28,000
107460 Legal	37,252	17,000	28,000
107480 Miscellaneous	2,978	3,500	3,500
107581 Election	-	1,418	10,000
107890 Contingency	-	10,000	11,709
Operations and maintenance			
107800 Expense - Pond Maintenance	18,887	6,409	60,000
107801 Expense - Fire Protection IGA	379,004	425,714	431,737
Total expenditures	528,988	544,643	639,908
TRANSFERS OUT			
107900 Transfers to other fund	533,857	-	-
Total expenditures and transfers out requiring appropriation	1,062,845	544,643	639,908
ENDING FUND BALANCE	\$ 62,900	\$ 166,652	\$ 184,312
EMERGENCY RESERVE	\$ 24,400	\$ 19,500	\$ 19,800
AVAILABLE FOR OPERATIONS	38,500	147,152	164,512
TOTAL RESERVE	\$ 62,900	\$ 166,652	\$ 184,312

No assurance provided. See summary of significant assumptions.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/7/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 62,597	\$ 644,273	\$ 562,850
REVENUES			
Property Taxes	2,141,825	2,405,780	2,502,540
Specific Ownership Taxes	284,969	266,121	284,401
Bond proceeds - 2021A	29,245,000	-	-
Bond proceeds - 2021B	27,709,000	-	-
System Development Fees	52,000	-	-
Interest Income	591	224	600
Total revenues	59,433,385	2,672,125	2,787,541
TRANSFERS IN			
Transfers from other funds	533,857	-	-
Total funds available	60,029,839	3,316,398	3,350,390
EXPENDITURES			
General and administrative			
County Treasurer's Fee	32,135	36,087	37,538
Contingency	-	39,774	38,682
Paying agent fees	2,303	5,303	5,303
Debt Service			
Bond Interest - 2007	460,862	478,573	478,215
Bond Principal Series 2007	26,426,062	-	-
Bond Principal Series 2007 Sub Bonds	2,000,000	-	-
Bond interest - 2021A	455,735	1,206,356	1,206,356
Bond interest - 2021B	402,140	987,455	1,020,906
Original Issue Discount	584,900	-	-
2007 Bond Exchange	27,709,000	-	-
Bond Issue Costs	1,312,429	-	-
Total expenditures	59,385,566	2,753,548	2,787,000
Total expenditures and transfers out requiring appropriation	59,385,566	2,753,548	2,787,000
ENDING FUND BALANCE	\$ 644,273	\$ 562,850	\$ 563,390
2021 SURPLUS FUND	\$ -	\$ 500,000	\$ 500,000
2007 SURPLUS FUND	-	62,624	62,624
TOTAL RESERVE	\$ -	\$ 562,624	\$ 562,624

No assurance provided. See summary of significant assumptions.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
2023 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, 2022, the adjusted maximum mill levy for debt service is 57.095 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.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues - (continued)

Property Taxes (Continued)

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.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%. Accordingly, the maximum mill levy has been adjusted upward to reflect the change assessed value calculation. The maximum debt service mill levy increased to 57.095 from 50.000 mills and the maximum general fund mill levy increased to 11.419 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 9% 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.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the Series 2007 Bonds and Series 2021A Bonds (discussed under Debt and Leases). As the exact timing and amount of 2021B payments is unknown, a debt service schedule isn't presented.

VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases

The District issued the 2021A Senior Bonds and the 2021B Subordinate Bonds on July 15, 2021 (the "Closing Date"), in the respective par amounts of \$29,245,000 and \$27,709,000. Net proceeds from the sale of the 2021A Senior Bonds will be used to: (i) purchase and cancel a portion of the accreted value of the District's currently outstanding 2007 Senior Bonds; (ii) refund the 2007 Subordinate Obligations; (iii) fund an initial deposit to the 2021A Surplus Fund; and, (iv) pay certain costs in connection with the issuance of the 2021A Senior Bonds and 2021B Subordinate Bonds. The 2021B Subordinate Bonds will be issued in exchange for the purchase and cancellation of a portion of the accreted value of the 2007 Senior Bonds.

The 2021A Senior Bonds will bear interest at 4.125% and are payable semiannually, to the extent of available Senior Pledged Revenue, on June 1 and December 1 (each an "Interest Payment Date"), beginning on December 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2038. The 2021A Senior Bonds mature on December 1, 2051.

The 2021B Subordinate Bonds will bear interest at the rate of 5.700% per annum and are subject to mandatory redemption annually on December 1, beginning December 1, 2021 from, and to the extent of, available Subordinate Pledged Revenue, if any, and mature on December 1, 2051. The 2021B Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest due prior to the final maturity date. Unpaid interest will accrue and compound annually on each December 1 until sufficient Subordinate Pledged Revenue is available for payment.

The 2007 Senior Bonds were issued in the original principal amount of \$22,647,881.60 and were comprised of 50,917 Bond Units with: 1) 16,786 Bond Units maturing on December 1, 2017 and subject to mandatory sinking fund redemption, to the extent of available funds, from December 1, 2010 through December 1, 2017 ("Bond No. 1"); and, 2) 34,131 Bond Units maturing on December 1, 2037 and subject to mandatory sinking fund redemption, to the extent of available funds, from December 1, 2018 through December 1, 2037 ("Bond No. 2"). Following the 2021 refunding, 4,847.51 Bond Units of Bond No. 2 remain outstanding on the Closing Date. 1, 2020.

The District has no operating or capital leases.

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.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

\$29,245,000 Series 2021A
Limited Tax General Obligation Refunding Bonds
Interest Rate: 4.125%
Series 2021A
Interest Payable June 1 and December 1
Principal Due December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 1,206,356	\$ 1,206,356
2024	-	1,206,356	\$ 1,206,356
2025	-	1,206,356	\$ 1,206,356
2026	-	1,206,356	\$ 1,206,356
2027	-	1,206,356	\$ 1,206,356
2028	-	1,206,356	\$ 1,206,356
2029	-	1,206,356	\$ 1,206,356
2030	-	1,206,356	\$ 1,206,356
2031	-	1,206,356	\$ 1,206,356
2032	-	1,206,356	\$ 1,206,356
2033	-	1,206,356	\$ 1,206,356
2034	-	1,206,356	\$ 1,206,356
2035	-	1,206,356	\$ 1,206,356
2036	-	1,206,356	\$ 1,206,356
2037	-	1,206,356	\$ 1,206,356
2038	700,000	1,206,356	\$ 1,906,356
2039	1,210,000	1,177,481	\$ 2,387,481
2040	1,405,000	1,127,569	\$ 2,532,569
2041	1,460,000	1,069,613	\$ 2,529,613
2042	1,670,000	1,009,388	\$ 2,679,388
2043	1,740,000	940,500	\$ 2,680,500
2044	1,975,000	868,725	\$ 2,843,725
2045	2,055,000	787,256	\$ 2,842,256
2046	2,310,000	702,488	\$ 3,012,488
2047	2,405,000	607,200	\$ 3,012,200
2048	2,685,000	507,994	\$ 3,192,994
2049	2,795,000	397,238	\$ 3,192,238
2050	3,105,000	281,944	\$ 3,386,944
2051	3,730,000	153,863	\$ 3,883,863
	<u>\$ 29,245,000</u>	<u>\$ 28,932,956</u>	<u>\$ 58,177,956</u>

No assurance provided. See summary of significant assumptions.