

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3 ANNUAL  
REPORT TO  
TOWN OF CASTLE ROCK  
FOR THE PERIOD ENDING DECEMBER 31, 2020

Pursuant to Section VI of the Amended and Restated Consolidated Service Plan for Castle Pines Commercial Metropolitan District Nos. 1, 3, and 4 (the "Service Plan") dated January 6, 2015, the Castle Pines Commercial Metropolitan District No. 3 is required to submit an annual report to the Town of Castle Rock (the "Town").

For the year ending December 31, 2020, the District made the following report:

1. A narrative summary of the progress of the District in implementing its Service Plan in the report year:

*The District provides facilities and services as contemplated in the Service Plan.*

2. The audited financial statements of the District, including a statement of financial condition (i.e. balance sheet) as of December 31 of the report year and a statement of operations (i.e. revenues and expenditures):

*See Exhibit A attached.*

3. A summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year:

*There were no capital expenditures incurred by the District in development of public facilities in the report year. The District does not expect to incur any capital expenditures in the next 5 years.*

4. A summary of the financial obligations of the District at the end of the report year, including (i) the amount of outstanding indebtedness, (ii) the amount and terms of any new District indebtedness or long-term obligations issues in the report year, (iii) the amount of payment or retirement of existing indebtedness of the District in the report year, (iv) the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and (v) the current mill levy of the District pledged to Debt retirement in the report year:

*(i) \$5,595,000 - Capital Pledge Agreement regarding the Castle Pines Commercial MD No. 1 Limited Tax Supported Revenue Bonds, Series 2015*

*(ii) None*

(iii) *No reduction in debt in 2020*

(iv) \$6,943,920

(v) 22.888

5. The District's budget for the calendar year in which the annual report is submitted:

*See Exhibit B attached.*

6. A summary of residential and commercial development which has occurred within the District for the report year:

*None*

7. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year:

*None*

8. Certification of the Board that no action, event or condition enumerated in Section 11.02.060 of this Chapter has occurred in the report year:

*No action, event or condition enumerated in Section 11.02.060 has occurred.*

9. The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings for the Board:

*See Exhibit C attached.*

## EXHIBIT A

### Audited Financial Statement and Statement of Financial Condition

**CASTLE PINES COMMERCIAL  
METROPOLITAN DISTRICT NO. 3**

**Financial Statements**

**December 31, 2020**

# CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3

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Dazio & Associates, PC

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Castle Pines Commercial Metropolitan District No. 3  
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Castle Pines Commercial Metropolitan District No. 3 as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Castle Pines Commercial Metropolitan District No. 3, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Castle Pines Commercial Metropolitan District No. 3's basic financial statements. The supplementary information and other information, as listed in the table of contents, are presented for purposes of additional analysis and legal compliance and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Daggio & Associates, P.C.*

July 9, 2021

## **BASIC FINANCIAL STATEMENTS**



**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**STATEMENT OF NET POSITION**

**December 31, 2020**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Investments	\$ 11,326
Cash and Investments - Restricted	434,398
Property Taxes Receivable	329,734
Prepaid Expense	450
<b>Total Assets</b>	<b>775,908</b>
<b>Liabilities</b>	
Accounts Payable	52,285
Due to CPCMD No. 1	137,000
Payable to County Treasurer	8,156
<b>Total Liabilities</b>	<b>197,441</b>
<b>Deferred Inflows of Resources</b>	
Property Taxes	329,734
<b>Net Position</b>	
Restricted	
Emergency Reserves	3,340
Debt Service	246,801
Unrestricted	(1,408)
<b>Total Net Position</b>	<b>\$ 248,733</b>

The notes to the financial statements are an integral part of this statement.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2020**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Permits, Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
<u>Governmental Activities</u>					<u>Governmental Activities</u>
General government	\$ 208,524	\$ -	\$ -	\$ -	\$ (208,524)
	<u>\$ 208,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(208,524)</u>
			General Revenues		
			Property Taxes	251,993	
			Specific Ownership Taxes	22,898	
			Investment Earnings	2,315	
			Settlement Agreement	130,910	
			Total General Revenues	<u>408,116</u>	
			Changes In Net Position	199,592	
			Net Position - Beginning	49,141	
			Net Position - Ending	<u>\$ 248,733</u>	

The notes to the financial statements are an integral part of this statement.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**December 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
<b>Assets</b>			
Cash and Investments	\$ 11,326	\$ -	\$ 11,326
Cash and Investments - Restricted	3,340	431,058	434,398
Property Taxes Receivable	98,920	230,814	329,734
Prepaid Expense	450	-	450
<b>Total Assets</b>	<u>\$ 114,036</u>	<u>\$ 661,872</u>	<u>\$ 775,908</u>
<b>Liabilities</b>			
Accounts Payable	\$ 5,028	\$ 47,257	\$ 52,285
Due to CPCMD No. 1	-	137,000	137,000
Payable to County Treasurer	8,156	-	8,156
<b>Total Liabilities</b>	<u>13,184</u>	<u>184,257</u>	<u>197,441</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	98,920	230,814	329,734
<b>Fund Balances</b>			
Nonspendable			
Prepaid Expenses	450	-	450
Restricted			
Emergency Reserves	3,340	-	3,340
Debt Service	-	246,801	246,801
Unassigned	(1,858)	-	(1,858)
<b>Total Fund Balances</b>	<u>1,932</u>	<u>246,801</u>	<u>248,733</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 114,036</u>	<u>\$ 661,872</u>	<u>\$ 775,908</u>

The notes to the financial statements are an integral part of this statement.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the Year Ended December 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
<b>Revenues</b>			
Property Taxes	\$ 99,765	\$ 152,228	\$ 251,993
Specific Ownership Tax	9,065	13,833	22,898
Net investment income	2,315	-	2,315
<b>Total Revenues</b>	<u>111,145</u>	<u>166,061</u>	<u>277,206</u>
<b>Expenditures</b>			
Accounting	5,060	-	5,060
Auditing	4,500	-	4,500
County Treasurer Fees	1,496	2,283	3,779
Directors Fees	2,406	-	2,406
District Management	17,703	-	17,703
Dues	350	-	350
General and Administrative	562	-	562
Insurance	3,160	-	3,160
Legal	21,976	147,986	169,962
Interest Abatement Expense	412	630	1,042
<b>Total Expenditures</b>	<u>57,625</u>	<u>150,899</u>	<u>208,524</u>
<b>Excess Revenues Over (Under) Expenditures</b>	53,520	15,162	68,682
<b>Other Financing Sources (Uses)</b>			
Settlement Agreement		130,910	130,910
Transfers	(100,729)	100,729	-
<b>Total Other Financing Sources</b>	<u>(100,729)</u>	<u>231,639</u>	<u>130,910</u>
<b>Net Change in Fund Balances</b>	(47,209)	246,801	199,592
<b>Fund Balances - Beginning</b>	49,141	-	49,141
<b>Fund Balances - Ending</b>	<u>\$ 1,932</u>	<u>\$ 246,801</u>	<u>\$ 248,733</u>

The notes to the financial statements are an integral part of this statement.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**For the Year Ended December 31, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>				
Property Taxes	\$ 105,000	\$ 105,000	\$ 99,765	\$ (5,235)
Specific Ownership Tax	9,400	9,400	9,065	(335)
Net investment income	1,200	1,200	2,315	1,115
<b>Total Revenues</b>	<b>115,600</b>	<b>115,600</b>	<b>111,145</b>	<b>(4,455)</b>
<b>Expenditures</b>				
Accounting	15,000	5,500	5,060	440
Auditing	5,000	5,000	4,500	500
County Treasurer Fees	1,500	1,500	1,496	4
Directors Fees	3,000	2,500	2,406	94
District Management	25,000	19,000	17,703	1,297
Dues	1,000	500	350	150
Election	2,000	-	-	-
General and Administrative	6,000	1,000	562	438
Insurance	3,000	3,200	3,160	40
Legal	35,000	23,000	21,976	1,024
Interest Abatement Expense	-	-	412	(412)
Miscellaneous	-	1,000	-	1,000
Professional Fees	2,000	-	-	-
Contingency	5,000	-	-	-
<b>Total Expenditures</b>	<b>103,500</b>	<b>62,200</b>	<b>57,625</b>	<b>4,575</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>12,100</b>	<b>53,400</b>	<b>53,520</b>	<b>120</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(100,800)	(100,729)	(71)
<b>Net Change in Fund Balance</b>	<b>12,100</b>	<b>(47,400)</b>	<b>(47,209)</b>	<b>49</b>
<b>Fund Balance - Beginning</b>	<b>43,901</b>	<b>49,141</b>	<b>49,141</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 56,001</b>	<b>\$ 1,741</b>	<b>\$ 1,932</b>	<b>\$ 49</b>

The notes to the financial statements are an integral part of this statement.

## CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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#### NOTE 1 - DEFINITION OF REPORTING ENTITY

Castle Pines Commercial Metropolitan District No. 3 (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by order and decree of the District Court of Douglas County on March 25, 1987 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under an Amended and Restated Consolidated Service Plan approved by the Town of Castle Rock on January 6, 2015 for Castle Pines Commercial Metropolitan Districts Nos. 1, 3 and 4. The District's service area is located entirely in the Town of Castle Rock in Douglas County, Colorado. The District was established for the purpose of financing the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitary sewer, storm sewer, streets, safety, parks and recreation, transportation facilities and fire protection.

Pursuant to a Capital Pledge Agreement, Castle Pines Commercial Metropolitan Districts Nos. 3 and 4 ("Taxing Districts") have limited tax general obligations to Castle Pines Commercial Metropolitan District No. 1 (District No. 1). Property taxes to be generated from the Taxing Districts debt service mill levies, including specific ownership taxes to be received as a result of imposition of such mill levies, are expected to be transferred, net of fees, to District No. 1 to pay for debt service expenditures.

The District is considered the operating district. Effective November 7, 2018, the District ceased its role as the operating District and operates fully independent from District No. 1 and District No. 4.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other governmental entity.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue

## CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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susceptible to accrual are property taxes, specific ownership taxes and intergovernmental revenue. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and transfers made to District No. 1 for payments made for principal and interest on long-term debt.

#### **Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2020.

#### **Pooled Cash**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

#### **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



**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2020**

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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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Equity**

***Net Position***

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

***Fund Balance***

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2020**

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- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
  - *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
  - *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
  - *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

**NOTE 3 – CASH AND INVESTMENTS**

Cash as of December 31, 2020, are classified in the follows: accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 11,326
Cash and Investments - Restricted	<u>434,398</u>
Total Cash	<u>\$ 445,724</u>

Cash as of December 31, 2020, consist of the following:

Deposits with financial institutions	\$ 11,842
Investments	<u>433,882</u>
Total Cash	<u>\$ 445,724</u>

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2020**

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**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a bank balance and a carrying balance of \$11,842.

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those investments which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2020**

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Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers’ acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted Average Under 60 days	<u>\$433,882</u>

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor’s. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 4 - AUTHORIZED DEBT**

On November 4, 2014, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$120,000,000 for infrastructure improvements and operations and maintenance and \$30,000,000 for refunding the District's debt and other obligations at an interest rate not to exceed 18% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 4, 2014	Authorization Used 2015 Bonds *	Authorized but Unissued at December 31, 2020
Streets	\$ 10,000,000	\$ 4,593,075	\$ 5,406,925
Parks and Recreation	10,000,000	-	10,000,000
Water	10,000,000	17,037	9,982,963
Sanitation/Storm Sewer	10,000,000	1,251,963	8,748,037
Public Transportation	10,000,000	-	10,000,000
Mosquito Control	10,000,000	-	10,000,000
Safety protection	10,000,000	-	10,000,000
Fire Protection	10,000,000	12,925	9,987,075
Television Relay	10,000,000	-	10,000,000
Security	10,000,000	-	10,000,000
Operations and Maintenance	10,000,000	-	10,000,000
Refundings	10,000,000	-	10,000,000
Intergovernmental Agreements	10,000,000	-	10,000,000
Private Agreements	10,000,000	-	10,000,000
Special Assesment Debt	10,000,000	-	10,000,000
	<u>\$ 150,000,000</u>	<u>\$ 5,875,000</u>	<u>\$ 144,125,000</u>

\* Issued by Castle Pines Commercial Metropolitan District No. 1

Pursuant to the Amended and Restated Consolidated Service Plan, dated January 6, 2015, the Districts can issue bond indebtedness of up to \$12,000,000. The District has a maximum debt service mill levy of 50.000 mills and a maximum operations mill levy of 15.000 mills, as adjusted for changes in the ratio of actual to assessed value of property within the District. As of December 31, 2020, the calculated maximum debt service mill levy was 50.000 mills of which the District levied 22.888 and 35.000 mills for collection in 2020 and 2021, respectively.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2020**

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**NOTE 5 - NET POSITION**

The District has net position consisting of two components - restricted and unrestricted.

The restricted component of net position consists of amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2020, as follows:

Restricted net position:

Emergency reserves	\$	3,340
Debt Service		<u>246,801</u>
Total Restricted Net Position	\$	<u>250,141</u>

**NOTE 6 - AGREEMENTS**

**Capital Pledge Agreement**

On January 1, 2015, the District and Castle Pines Commercial MD No. 4 (the Taxing Districts) entered into a Capital Pledge Agreement with District No. 1 to provide for the payment of the Series 2015 Bonds, and any Refunding Obligations, Parity Obligations and Permitted Subordinate Obligations issued by District No. 1. The Taxing Districts agree to levy an ad valorem property tax on all taxable property in each Taxing District, in addition to all other taxes, and direct the annual taxes each year to the District so long as the Series 2015 Bonds, any Refunding Obligations, Parity Obligations, or Permitted Subordinate Obligations remain outstanding or any obligation under any Reimbursement Agreement related to such obligations remains unpaid, in the amount of the applicable Required Mill Levy as determined by the District. The Required Mill Levy shall not exceed 50.000 mills.

On May 1, 2020, District No. 1 filed a lawsuit against the District and its Board Members demanding that pursuant to the Capital Pledge Agreement, the District should forward debt service mill levy related property taxes to District No. 1. The District asserted that in the past four years, District No. 1 has required the District to charge and transfer debt service tax revenues considerably in excess of debt service requirements in violation of the Capital Pledge Agreement.

On May 11, 2021, the District and District No. 1 reached a Settlement Agreement wherein District No. 1 stipulates there has been an over collection of ad valorem tax revenue from the District in the amount of \$453,701 ("Over Collected District 3 Taxes"). The District will be allowed to retain the Over Collected District 3 taxes and offset that amount against the tax revenue the District collected in 2019, 2020 and 2021, which is projected to total approximately \$583,701 as of

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2020**

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December 31, 2021, and which was collected for debt repayment pursuant to the terms of the Capital Pledge Agreement dated January 1, 2015. The Parties agree that the net amount owed by the District for repayment of the 2015 Bonds under the Capital Pledge Agreement, after accounting for the Over Collected District 3 Taxes is \$137,000.

For the year ended December 31, 2020, and as a result of the Settlement Agreement, the District has adjusted the amount owed to District No. 1 to \$137,000 and recorded an Other Financing Source of \$130,910 representing excess amounts owed and unpaid at December 31, 2019.

**Infrastructure Acquisition and Reimbursement Agreement**

On December 19, 2014, the District entered into an Infrastructure Acquisition and Reimbursement Agreement (Acquisitions Agreement) with Promenade Castle Rock, LLC (Developer) wherein the District intends to coordinate the financing, construction and operation and maintenance of the Public Infrastructure in connection with the development within the boundaries of the Districts (“the Project”). The Districts have been unable to provide the Public Infrastructure without the assistance of the Developer and therefore agrees to reimburse the Developer for all District Eligible Costs, including a construction management fee not to exceed 5% and costs related to the formation of the District.

Interest on the Repayment Obligations and District Eligible Costs incurred under this Agreement shall bear simple interest at a rate of 8.0% per annum from the date any such Repayment Obligation or District Eligible costs are incurred, to the earlier of the date a Repayment Obligation or District Eligible Costs is issued, or the date of such payment in full. The District shall repay District Eligible costs approved by the District under this Agreement from the proceeds of loans or bonds issued by the District, and/or other legally available funds of the District not otherwise required for reasonable operating costs of the District. Any mill levy certified by the District for the purposes of repaying costs hereunder shall not exceed the mill levy limitations contained in the Service Plan, electoral authorization, or any applicable laws. The maximum mill levy established shall apply only to the extent that the District certifies a mill levy to directly fund District Eligible Costs under this Agreement and shall not apply as a limit on the mill levy that may be pledged to any loans, bonds or Reimbursement Obligations. The provision for repayment of amounts due hereunder shall be subject to annual appropriation by the District.

## CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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#### **Intergovernmental Agreement Regarding District Construction Administration**

The Intergovernmental Agreement Regarding District Construction Administration was entered into by Castle Pines Commercial Metropolitan District Nos. 1, 3 & 4 (each a "CPC District" and collectively "CPC Districts") and Promenade at Castle Rock Metropolitan District No. 2 (Promenade No. 2) on March 5, 2015. The parties agreed that Promenade No. 2 will undertake construction administration services on behalf of the CPC Districts, and will be responsible for the construction of the public improvements contemplated in the service plan for the CPC Districts. CPC District No. 1 agrees that it will authorize its District Representative to submit a project fund requisition for all eligible project costs upon request by Promenade No. 2 for all amounts due under a contract awarded or anticipated to be awarded for the construction of public improvements benefitting the CPC Districts. The Boards of Directors of the CPC Districts agree that Promenade No. 2 may utilize such funds for any eligible project costs in its discretion.

The Agreement shall be effective upon execution hereof by all the parties and shall terminate at such time that construction of public improvements is complete and all warranties have run, or no further proceeds remain available in District No. 1's Bond Issuance Project Fund.

#### **NOTE 7 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in the past fiscal year.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.



**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2020**

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**NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 4, 2014, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

**SUPPLEMENTARY INFORMATION**

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**For the Year Ended December 31, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>				
Property Taxes	\$ 160,300	\$ 153,000	\$ 152,228	\$ (772)
Specific Ownership Tax	14,400	14,000	13,833	(167)
Miscellaneous Income	1,200	-	-	-
<b>Total Revenues</b>	<b>175,900</b>	<b>167,000</b>	<b>166,061</b>	<b>(939)</b>
<b>Expenditures</b>				
Legal	-	148,000	147,986	14
Interest Abatement Expense	-	-	630	(630)
Transfer to Castle Pines Com. MD No. 1	172,300	-	-	-
County Treasurer's fees	2,400	2,300	2,283	17
Contingency	1,200	1,000	-	1,000
<b>Total Expenditures</b>	<b>175,900</b>	<b>151,300</b>	<b>150,899</b>	<b>401</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>15,700</b>	<b>15,162</b>	<b>(538)</b>
<b>Other Financing Sources</b>				
Settlement Agreement	-	131,000	130,910	(90)
Transfers In	-	100,800	100,729	(71)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>231,800</b>	<b>231,639</b>	<b>(161)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>247,500</b>	<b>246,801</b>	<b>(699)</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ 247,500</b>	<b>\$ 246,801</b>	<b>\$ (699)</b>

See the Accompanying Independent Auditor's Report

## **OTHER INFORMATION**

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

**SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND  
PROPERTY TAXES COLLECTED**

Levy Year	Collection Year	Assessed Valuation	Mill Levy			Total Levy	Current Collection	Collection Rate
			General	Debt	Total			
2012	2013	\$ 6,708,220	30.000	0.000	30.000	\$ 201,247	\$ 178,018	88.46%
2013	2014	6,204,190	30.000	0.000	30.000	186,126	186,126	100.00%
2014	2015	6,638,040	10.000	40.000	50.000	331,902	331,874	99.99%
2015	2016	5,827,560	10.000	40.000	50.000	291,378	280,198	96.16%
2016	2017	5,750,710	10.000	40.000	50.000	287,535	287,535	100.00%
2017	2018	6,308,340	10.355	(1) 41.418	(1) 51.773	326,601	314,296	96.23%
2018	2019	5,946,090	15.513	(2) 41.368	(2) 56.881	338,219	335,855	99.30%
2019	2020	6,943,920	15.135	(3) 23.094	(3) 38.229	265,459	251,993	94.93%
Estimated for year ending December 31, 2021		\$ 6,594,690	15.000	35.000	50.000	\$ 329,734		

**Notes:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

- (1) Includes a levy of 1.773 for collection of refunds and abatements.
- (2) Includes a levy of 1.881 for collection of refunds and abatements.
- (3) Includes a levy of 0.341 for collection of refunds and abatements.

EXHIBIT B  
District Budget

**RESOLUTION NO. 19-01**

**RESOLUTION  
TO ADOPT 2020 BUDGET, APPROPRIATE SUMS OF MONEY, AND AUTHORIZE THE  
CERTIFICATION OF THE TAX LEVY  
CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2020 TO HELP DEFRAID THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3, DOUGLAS COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2020, AND ENDING ON THE LAST DAY OF DECEMBER, 2020.

WHEREAS, the Board of Directors of the Castle Pines Commercial Metropolitan District No. 3 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 1, 2019 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$ 104,159; and

WHEREAS, the amount of money necessary to balance the budget for voter approved bonds and interest is \$158,932; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$ 2,368; and

WHEREAS, the 2019 valuation for assessment for the District as certified by the County Assessor of Douglas County is \$ 6,943,920; and

WHEREAS, at an election held on May 2, 2006, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3 OF DOUGLAS COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Castle Pines Commercial Metropolitan District No. 3 for calendar year 2020.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. 2020 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2020 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2020 budget year, there is hereby levied a tax of 15.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2019.

B. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2020 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 22.888 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2019.

C. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.341 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2019.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

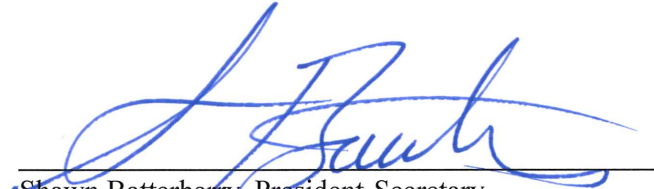
Section 6. Certification. That Randall Warren, with Mulhern MRE, Inc. is hereby authorized and directed to certify by December 15, 2019, to the Board of County Commissioners of Douglas County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of Douglas County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2019, in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.



Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

ADOPTED this 6th day of December, 2019.

CASTLE PINES COMMERCIAL METROPOLITAN  
DISTRICT NO. 3

  
Shawn Batterberry, President-Secretary

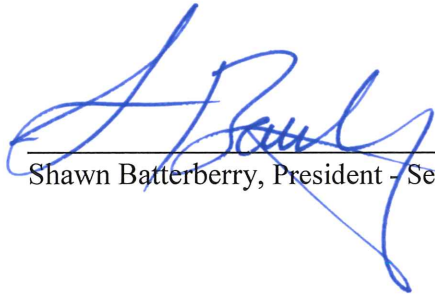
ATTEST:

  
Charles E. Norton, Esq., Norton & Smith, P.C., Counsel for the District

STATE OF COLORADO  
COUNTY OF DOUGLAS  
CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3

I, Shawn Batterberry, hereby certify that I am a director and the duly elected and qualified President - Secretary of the Castle Pines Commercial Metropolitan District No. 3, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a meeting of the Board of Directors of the Castle Pines Commercial Metropolitan District No. 3 held on Friday, November 1, 2019, at 11:00 a.m. at the Castle Rock Chamber of Commerce, 420 Jerry St., Castle Rock, CO 80104, for the purpose of conducting such business as may come before the Board, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2020; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 1st day of November, 2019.



Shawn Batterberry, President - Secretary

**EXHIBIT A**  
**BUDGET DOCUMENT**

## **Castle Pines Commercial Metropolitan District No. 3 2020 Budget Message**

The 2020 budget for the Castle Pines Commercial Metropolitan District No. 3 (the "District") including the required comparative detail actual results for 2018, estimated results for 2019, and the 2019 budget are attached. The budgetary basis of accounting is modified accrual.

The District has constructed public infrastructure, participates in common area improvements, and maintains landscaping and common areas within the District.

The District accounts for its operations in two funds – a general fund and a debt service fund. Pursuant to an agreement with Castle Pines Commercial Metropolitan District No. 1, the District has pledged debt service tax revenues to District No. 1 for the District's share of District No. 1's debt service.

The primary sources for the District's 2020 general and debt fund revenues are property taxes. The District has assessed value of \$6,943,920. The general fund 15.000 mill levy, the debt service 22.888 mill levy and the .341 abatement mill levy are estimated to produce property tax revenues of \$265,400 for the District.

The District budget projects a year-end fund balance of \$56,001 in the general fund and a year-end balance of \$0 in the debt fund.

**Castle Pines Commercial Metropolitan District No.3  
2020 Budget**

	<b>Budget 2018</b>	<b>Estimated 2019</b>	<b>Budget 2019</b>	<b>Budget 2020</b>
<b>Revenue</b>				
Property taxes	314,296	335,800	338,222	265,300
Specific ownership tax	34,539	33,000	33,822	23,800
Interest income	1,690	3,500	100	1,200
Other revenue	-	-	1,000	1,200
Intergovernmental revenues - District #4	44,465	-	-	-
<b>Total revenue</b>	<b>394,990</b>	<b>372,300</b>	<b>373,145</b>	<b>291,500</b>
<b>Expenditures</b>				
General Fund	150,567	69,500	88,884	103,500
Debt Fund	279,068	268,200	271,578	175,900
<b>Total expenditures</b>	<b>429,635</b>	<b>337,700</b>	<b>360,462</b>	<b>279,400</b>
<b>Total revenue less expenditures</b>	<b>(34,645)</b>	<b>34,600</b>	<b>12,683</b>	<b>12,100</b>
<b>Beginning fund balance</b>	<b>43,946</b>	<b>9,301</b>	<b>9,301</b>	<b>43,901</b>
<b>Ending fund balance</b>	<b>9,301</b>	<b>43,901</b>	<b>21,984</b>	<b>56,001</b>

**EXHIBIT A (PAGE 1/2)**

**Castle Pines Commercial Metropolitan District No.3  
General Fund 2019 Budget**

	<b>Actual 2018</b>	<b>Estimated 2019</b>	<b>Budget 2019</b>	<b>Budget 2020</b>
<b>Revenue</b>				
Property taxes	62,859	91,600	92,242	105,000
Specific ownership tax	6,908	9,000	9,224	9,400
Interest income	1,690	3,500	100	1,200
Other revenue	-	-	-	-
Intergovernmental revenues - District #4	44,465	-	-	-
<b>Total Revenue</b>	<b>115,922</b>	<b>104,100</b>	<b>101,567</b>	<b>115,600</b>
<b>Expenditures</b>				
District management	44,302	15,000	15,000	25,000
Legal services	43,233	30,000	30,000	35,000
Accounting	28,681	6,000	25,000	15,000
Audit	6,000	4,000	5,000	5,000
General & administrative	-	8,200	-	6,000
Dues & licenses	961	500	1,000	1,000
Director's fees	-	1,500	-	3,000
Election expense	10,488	-	-	2,000
Professional fees	-	-	-	2,000
Insurance & bonds	8,556	2,900	6,000	3,000
Landscaping	7,400	-	2,500	-
County Treasurer's fee	946	1,400	1,384	1,500
Miscellaneous	-	-	1,000	-
Contingency	-	-	2,000	5,000
<b>Total expenditures</b>	<b>150,567</b>	<b>69,500</b>	<b>88,884</b>	<b>103,500</b>
<b>Total revenue less expenditures</b>	<b>(34,645)</b>	<b>34,600</b>	<b>12,683</b>	<b>12,100</b>
<b>Beginning fund balance</b>	<b>43,946</b>	<b>9,301</b>	<b>9,301</b>	<b>43,901</b>
<b>Ending fund balance</b>	<b>9,301</b>	<b>43,901</b>	<b>21,984</b>	<b>56,001</b>
<b>Property Tax Summary</b>				
Assessed Valuation	6,308,340	5,946,080	5,946,080	6,943,920
Mill Levy	10.000	10.000	15.000	15.000
Abatement mill levy share	0.355	0.513	0.513	0.135
<b>Calculated property taxes</b>	<b>65,320</b>	<b>62,513</b>	<b>92,242</b>	<b>105,096</b>

**EXHIBIT A (PAGE 2/2)**

**Castle Pines Commercial Metropolitan District No.3  
Debt Fund 2019 Budget**

	<b>Actual 2018</b>	<b>Estimated 2019</b>	<b>Budget 2019</b>	<b>Budget 2020</b>
<b>Revenue</b>				
Property taxes	251,437	244,200	245,980	160,300
Specific ownership tax	27,631	24,000	24,598	14,400
Interest income	-	-	-	-
Other revenue	-	-	1,000	1,200
<b>Total revenue</b>	<b>279,068</b>	<b>268,200</b>	<b>271,578</b>	<b>175,900</b>
<b>Expenditures</b>				
Intergovernmental transfer	275,283	264,500	266,888	172,300
County Treasurer's fee	3,785	3,700	3,690	2,400
Contingency	-	-	1,000	1,200
<b>Total expenditures</b>	<b>279,068</b>	<b>268,200</b>	<b>271,578</b>	<b>175,900</b>
<b>Total revenues less expenditures</b>	-	-	-	-
<b>Beginning fund balance</b>	-	-	-	-
<b>Ending fund balance</b>	-	-	-	-
<b>Property Tax Summary</b>				
Assessed Valuation	6,308,340	5,946,080	5,946,080	6,943,920
Mill Levy	40.000	40.000	40.000	22.888
Abatement mill levy share	1.418	1.506	1.368	0.206
<b>Calculated property taxes</b>	<b>261,281</b>	<b>246,796</b>	<b>245,980</b>	<b>160,363</b>

**Castle Pines Commercial Metropolitan District #3  
Property Tax Information**

	<b>Actual 2018</b>	<b>Estimated 2019</b>	<b>Budget 2019</b>	<b>Budget 2020</b>
Assessed valuation				
Commercial	4,771,260	4,725,470	4,725,470	5,189,500
State Assessed	283,600	2,700	2,700	3,400
Vacant land	917,180	917,170	917,170	1,410,960
Personal property	336,300	300,740	300,740	340,060
Other	-	-	-	-
Total assessed	<u>6,308,340</u>	<u>5,946,080</u>	<u>5,946,080</u>	<u>6,943,920</u>
Mill Levy				
General	10.000	15.000	15.000	15.000
Debt service	40.000	40.000	40.000	22.888
Abatement	1.773	1.882	1.882	0.341
Total mill levy	<u>51.773</u>	<u>56.882</u>	<u>56.882</u>	<u>38.229</u>
Calculated property taxes				
General	63,083	89,191	89,191	104,159
Debt service	252,334	237,843	237,843	158,932
Abatement	11,185	11,191	11,188	2,368
Total property taxes	<u>326,602</u>	<u>338,225</u>	<u>338,222</u>	<u>265,459</u>
Allocate abatement to funds				
General Fund	65,320	92,243	92,242	105,096
Debt Service	261,282	245,982	245,980	160,363
Total property taxes	<u>326,602</u>	<u>338,225</u>	<u>338,222</u>	<u>265,459</u>



## CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners<sup>1</sup> of Douglas County, Colorado.

On behalf of the Castle Pines Commercial Metropolitan District No. 3,  
(taxing entity)<sup>A</sup>

the Board of Directors  
(governing body)<sup>B</sup>

of the Castle Pines Commercial Metropolitan District No. 3  
(local government)<sup>C</sup>

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ 6,943,920 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 6,943,920 (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)  
**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** 12/13/2019 for budget/fiscal year 2020.  
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

<u>PURPOSE</u> (see end notes for definitions and examples)	<u>LEVY</u> <sup>2</sup>	<u>REVENUE</u> <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	15.000 mills	\$ 104,159
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<b>15.000</b> mills	<b>\$ 104,159</b>
3. General Obligation Bonds and Interest <sup>J</sup>	22.888 mills	\$ 158,932
4. Contractual Obligations <sup>K</sup>	mills	\$
5. Capital Expenditures <sup>L</sup>	mills	\$
6. Refunds/Abatements <sup>M</sup>	.341 mills	\$ 2,368
7. Other <sup>N</sup> (specify): _____	mills	\$
_____	mills	\$
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<b>38.229</b> mills	<b>\$ 265,459</b>

Contact person: (print) Randall S Warren Daytime phone: 303-649-9857  
Signed:  Title: General Manager

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.*

<sup>1</sup> If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.  
<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

**CERTIFICATION OF TAX LEVIES, continued**

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

**BONDS<sup>J</sup>:**

1.	Purpose of Issue:	G.O. Improvements
	Series:	2015
	Date of Issue:	1/15/2015
	Coupon Rate:	5.00%
	Maturity Date:	12/1/2039
	Levy:	22.888
	Revenue:	\$158,932
2.	Purpose of Issue:	
	Series:	
	Date of Issue:	
	Coupon Rate:	
	Maturity Date:	
	Levy:	
	Revenue:	
3.	Purpose of Issue:	
	Series:	
	Date of Issue:	
	Coupon Rate:	
	Maturity Date:	
	Levy:	
	Revenue:	

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE  
CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT #3**

**RESOLUTION TO AMEND THE 2020 BUDGET**

The Board of Directors of the Castle Pines Commercial Metropolitan District #3 (the "District") at their regularly scheduled meeting on Friday, July 9, 2021 at 11:00 a.m., at the Castle Rock Chamber of Commerce offices at 420 Jerry Street, Castle Rock CO 81014 at which the following *Resolution to Amend the 2020 Budget* was adopted by affirmative vote of a majority of the Board of Directors.

WHEREAS, the Board of Directors of the District previously approved the budget for the fiscal year 2020.

WHEREAS, the necessity has arisen for additional expenditures and transfers by the District due to the accrual of costs necessary to defend a lawsuit from a third party that could not have been reasonably anticipated at the time of the adoption of the 2020 Budget, requiring the expenditure of funds in excess of those appropriated for the fiscal year 2020.

WHEREAS, the District has funds available for a portion of these accrued expenditures from surplus revenue funds.


WHEREAS, the District anticipates that future tax revenues will be required to repay additional expenditures accrued in 2020.

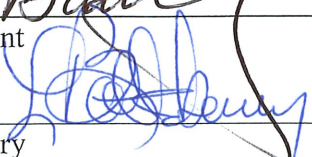
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT #3 THAT:

The District's budget for the fiscal year 2020 shall be amended as reflected on Exhibit A of this Resolution, and the District hereby appropriates such sums from the surplus revenues of the General Fund for the purposes stated.

APPROVED AND ADOPTED THIS 9<sup>TH</sup> DAY OF JULY, 2021.

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT #3**

By:   
President

Attest:   
Secretary

## **Castle Pines Commercial Metropolitan District No. 3 2020 Budget Message**

The 2020 budget for the Castle Pines Commercial Metropolitan District No. 3 (the "District") including the comparative detail actual results for 2019, the actual results for 2019, the 2019 budget, and the original approved 2020 budget are attached. The budgetary basis of accounting is modified accrual.

The District has constructed public infrastructure, participates in common area improvements, and maintains landscaping and common areas within the District.

The District accounts for its operations in two funds – a general fund and a debt service fund. Pursuant to an agreement with Castle Pines Commercial Metropolitan District No. 1, the District has pledged debt service tax revenues to District No. 1 for the District's share of District No. 1's debt service.

The primary sources for the District's 2020 general and debt fund revenues are property taxes. The District has assessed value of \$6,943,920. The general fund 15.000 mill levy, the debt service 22.888 mill levy and the .341 abatement mill levy are estimated to produce property tax revenues of \$265,400 for the District.

During 2020, a third party sued the District regarding obligations related to the District's debt service pledge. The District incurred legal expenses in defense of this lawsuit that were not anticipated at the time that the 2020 Budget was originally approved. The accompanying budget has been amended to allow the District to appropriate the funds for the litigation defense.

**Castle Pines Commercial Metropolitan District No.3  
General Fund 2020 Amended Budget**

	<b>Actual 2018</b>	<b>Actual 2019</b>	<b>Budget 2019</b>	<b>Budget 2020</b>	<b>Amended Budget 2020</b>
<b>Revenue</b>					
Property taxes	62,859	91,597	92,242	105,000	105,000
Specific ownership tax	6,908	9,252	9,224	9,400	9,400
Interest income	1,690	3,307	100	1,200	1,200
Other revenue	-	-	-	-	-
Intergovernmental rev - District #4	44,465	-	-	-	-
<b>Total Revenue</b>	<b>115,922</b>	<b>104,156</b>	<b>101,567</b>	<b>115,600</b>	<b>115,600</b>
<b>Expenditures</b>					
District management	44,302	13,840	15,000	25,000	19,000
Legal services	43,233	28,620	30,000	35,000	23,000
Accounting	28,681	3,792	25,000	15,000	5,500
Audit	6,000	4,000	5,000	5,000	5,000
General & administrative	-	7,583	-	6,000	1,000
Dues & licenses	961	449	1,000	1,000	500
Director's fees	-	1,800	-	3,000	2,500
Election expense	10,488	-	-	2,000	-
Professional fees	-	-	-	2,000	-
Insurance & bonds	8,556	2,858	6,000	3,000	3,200
Landscaping	7,400	-	2,500	-	-
County Treasurer's fee	946	1,374	1,384	1,500	1,500
Miscellaneous	-	-	1,000	-	1,000
Contingency	-	-	2,000	5,000	-
<b>Total expenditures</b>	<b>150,567</b>	<b>64,316</b>	<b>88,884</b>	<b>103,500</b>	<b>62,200</b>
<b>Total revenue less expenditures</b>	<b>(34,645)</b>	<b>39,840</b>	<b>12,683</b>	<b>12,100</b>	<b>53,400</b>
<b>Transfers to debt fund</b>	-	-	-	-	(100,800)
<b>Net increase(decrease) in fund balance</b>	<b>(34,645)</b>	<b>39,840</b>	<b>12,683</b>	<b>12,100</b>	<b>(47,400)</b>
<b>Beginning fund balance</b>	<b>43,946</b>	<b>9,301</b>	<b>9,301</b>	<b>43,901</b>	<b>49,141</b>
<b>Ending fund balance</b>	<b>9,301</b>	<b>49,141</b>	<b>21,984</b>	<b>56,001</b>	<b>1,741</b>

EXHIBIT A - Page 2 of 2

Castle Pines Commercial Metropolitan District No.3  
Debt Fund 2020 Amended Budget

	Actual 2018	Actual 2019	Budget 2019	Budget 2020	Amended Budget 2020
<b>Revenue</b>					
Property taxes	251,437	244,258	245,980	160,300	153,000
Specific ownership tax	27,631	24,672	24,598	14,400	14,000
Interest income	-	-	-	-	-
Other revenue	-	-	1,000	1,200	-
<b>Total revenue</b>	<b>279,068</b>	<b>268,930</b>	<b>271,578</b>	<b>175,900</b>	<b>167,000</b>
<b>Expenditures</b>					
Intergovernmental transfer	275,283	265,266	266,888	172,300	-
Litigation expenses	-	-	-	-	148,000
County Treasurer's fee	3,785	3,664	3,690	2,400	2,300
Contingency	-	-	1,000	1,200	1,000
<b>Total expenditures</b>	<b>279,068</b>	<b>268,930</b>	<b>271,578</b>	<b>175,900</b>	<b>151,300</b>
<b>Total revenues less expenditures</b>	-	-	-	-	<b>15,700</b>
<b>Other income(expense), transfers</b>					
Net settlement proceeds	-	-	-	-	<b>131,000</b>
Transfers from general fund	-	-	-	-	<b>100,800</b>
<b>Net other income(expense), transfers</b>	-	-	-	-	<b>231,800</b>
<b>Net increase(decrease) in fund balance</b>	-	-	-	-	<b>247,500</b>
<b>Beginning fund balance</b>	-	-	-	-	-
<b>Ending fund balance</b>	-	-	-	-	<b>247,500</b>

# EXHIBIT C

## CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3

c/o Mulhern MRE, Inc.

188 INVERNESS DRIVE WEST, SUITE 150

ENGLEWOOD, COLORADO 80112

Phone: (303) 649-9857 Fax: (303) 414-0671

### BOARD OF DIRECTORS LISTING – 2019

#### **Shawn Batterberry, President**

Term Ends: May, 2020, 4 year term

990 Diamond Ridge Circle

Castle Rock, CO 80108

Phone: 303-795-9234

Cell: 303-507-9007

Email: [sbatterberry@comcast.net](mailto:sbatterberry@comcast.net)

#### **Linda Batterberry, Director**

Term. Ends: May 2020, (2 year term)

8558 New Abbey Lane

Castle Rock, CO 80104

Home: 303-795-9234

Email: [director@primrosecastlerock.com](mailto:director@primrosecastlerock.com)

#### **Kelly McCurley, Director**

Term Ends: May, 2020, (2 year term)

13525 Woodmoor West Drive

Larkspur, CO 80118

Phone: 719-488-2425

Email: [karmccurley@gmail.com](mailto:karmccurley@gmail.com)

#### **Vacant, Director**

Term Ends: (2022)

Home:

Cell:

Email:

#### **Vacant, Director**

Term. Ends: (2023)

Home:

Email:

#### **DISTRICT MANAGER**

Luis Tovar/Kelly Conover

188 Inverness Drive West, Suite 150

Englewood, CO 80112

Office: 303-649-9857 Fax: 303-414--0671

Email: [luis@mulhernmre.com](mailto:luis@mulhernmre.com)

[kelly@mulhernmre.com](mailto:kelly@mulhernmre.com)

#### **ACCOUNTANT**

Mulhern MRE, Inc.

188 Inverness Drive West, Suite 150

Englewood, CO 80112

Office: 303-649-9857

Fax: 303-414-0671

#### **ATTORNEY**

Norton & Smith, P.C.

Charles E. Norton

1331 17<sup>th</sup> Street, Suite 500

Denver, CO 80202-1555

Office: 303-292-6400

Fax: 303-292-6401

Email: [cnorton@nortonsmithlaw.com](mailto:cnorton@nortonsmithlaw.com)

**Board Meetings are the first Friday of every month at 11:00 a.m. at the Castle Rock Chamber of Commerce, 420 Jerry Street, Castle Rock, CO, 80104**

FEDERAL TAX I.D.: #61-1509152

DATE OF INCEPTION: 01/01/1987

TAX EXEMPT I D.: