

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET MESSAGE and BUDGET ASSUMPTIONS
FOR THE YEAR ENDING DECEMBER 31, 2026**

Services Provided

The District, a quasi-municipal corporation, and a political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was formed pursuant to an Order and Decree of the Douglas County District Court issued on March 25, 1987. Formation of the District was preceded by the approval by the Town of Castle Rock of a Consolidated Service Plan for Castle Pines Commercial Metropolitan Districts Nos. 1 – 5 in January 1987, as amended by an Amended and Restated Consolidated Service Plan for Castle Pines Commercial Metropolitan Districts Nos. 1, 3 and 4 dated January 6, 2015 and approved by the Town Council of the Town of Castle Rock on the same date. The District's service area is located entirely in Douglas County, Colorado.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitary sewer, storm sewer, streets and safety, parks and recreation, transportation facilities and fire protection.

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 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.

The District has no residential property. The calculation of the taxes levied is displayed within the budget using the adopted mill levy imposed by the District.

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

Category	Rate	Category	Rate
Single-Family Residential	6.25%	Agricultural Land	27.00%
Multi-Family Residential	6.25%	Renewable Energy Land	27.00%
Commercial	27.00%	Vacant Land	27.00%
Industrial	27.00%	Personal Property	27.00%
Lodging	27.00%	State Assessed	27.00%
		Oil & Gas Production	87.50%

Specific Ownership Taxes: Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected however such revenue can vary depending upon economic conditions.

Net Investment Income: Interest to be earned on the District's available funds has been estimated based expected fund balances and interest rates in 2026 at 2% to 3%.

Expenditures

General and administrative Expenditure: General and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, and other administrative expenditures.

County Treasurer's Fees: County Treasurer's fees have been computed at 1.5% of property tax collections only. Specific Ownership taxes are not subject to the collection fee.

Debt Service: Principal and interest payments are provided based on the debt amortization schedule for the Series

Debt, Leases, Advances and Reserves

Debt: On April 21, 2022, Castle Pines Commercial Metropolitan District No. 3 (hereafter CPCMD3) refunded Castle Pines Commercial Metropolitan District No. 1's Series 2015 Limited Tax Supported Revenue Bonds by the issuance of \$4,545,000 Tax-Exempt Refunding Loan, Series 2022 through NBH Bank. The loan bears interest at a rate of 5% and shall mature on December 1, 2042 with principal payments due December 1st. The notes are secured by and payable by ad valorem property taxes of the Taxing Districts.

A Capital Pledge Agreement between CPCMD3 and Castle Pines Commercial Metropolitan District No. 4 (hereafter CPCMD4) executed April 21, 2022 set forth CPCMD3's portion of joint debt obligation held and managed by CPCMD4. Per the Capital Pledge Agreement, CPCMD3 shall provide CPCMD4 with the CPCMD3 Douglas County assessed value by September 30th annually. CPCMD4 shall calculate CPCMD3's portion of the debt payment as follows:

Calculation Methodology: To meet the current year loan payment, CPCMD4 can required CPCMD3 to impose a debt mill levy that cannot exceed the mill of CPCMD4 in the current year. Additionally, the total funds collected by CPCMD3 for this purposed cannot exceed \$150,000 annually.

Collections and Remittance: CPCMD3 agrees to remit at the direction of CPCMD4, property tax and specific ownership revenues collected within ten days of each monthly remittance by the County up and until the amount reaches the current year's calculated portion of the loan payment obligation by CPCMD3. CPCMD3's required mill to meet this obligation cannot exceed the mill imposed by CPCMD4. These funds will be transferred monthly to CPCMD4 until the obligated amount is reached.

In order to collect funds over the course of the payment schedule to meet the final 2042 final loan balloon payment, an approximate additional amount of \$35,000 annually was collected in 2024 at the request of CPCMD4. However, CPCMD4 changed its policy in 2024 and opted to collect only for the current bond payment requirement for the foreseeable and did not require CPCMD3 to pay these additional funds. These additional funds collected by CPCMD3 were retained by CPCMD3 and they are held in the Debt Fund. CPCMD3 has been informed that at this time CPCMD4 expects to refinance in some future year and restructure the loan.

The CPCMD4 loan payment schedule for the above mentioned debt in which CPCMD3 is party to is provided below:

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$4,545,000 Limited Tax General Obligation Refunding Loan
Dated April 21, 2022
Principal Due Annually December 1
Interest 3.62%, Due June and December 1**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	90,000	156,384	246,384
2025	95,000	153,126	248,126
2026	95,000	149,687	244,687
2027	100,000	146,248	246,248
2028	105,000	142,628	247,628
2029	105,000	138,827	243,827
2030	110,000	135,026	245,026
2031	115,000	131,044	246,044
2032	120,000	106,881	226,881
2033	125,000	122,537	247,537
2034	125,000	118,012	243,012
2035	130,000	113,487	243,487
2036	135,000	108,781	243,781
2037	140,000	103,894	243,894
2038	145,000	98,826	243,826
2039	150,000	93,577	243,577
2040	155,000	88,147	243,147
2041	165,000	82,536	247,536
2042	2,115,000	76,563	2,191,563
Total	\$ 4,320,000	2,266,211	\$ 6,586,211

Capital Leases: This District has no operating or capital leases.

Developer Advances: This District has no developer advances

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

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET IN DETAIL (attached)
FOR THE YEAR ENDING DECEMBER 31, 2026**

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT No. 3

General Fund Operating - 2026 Budget - 10-15-25 PRELIM TO BOARD

10/15/2025 17:02

	2024 Actual	2025 Budget	2025 Projected	2026 BUDGET	NOTES
REVENUE					
Tax Income					
Douglas County Property Tax	53,059	53,200	53,000	49,900	
Specific Ownership Tax	4,127	4,300	4,000	4,000	<8% of collections for 2026
Interest Income	3,454	2,000	1,800	2,000	
Other Income	2,187	-	-	-	
REVENUE TOTAL	62,827	59,500	58,800	55,900	
EXPENSE					
Accounting & Management	14,405	15,600	15,600	15,600	No fee increase for 2026
Audit	5,000	5,200	5,200	5,500	<Audit fee increase fee for 2026
Treasurer's Fees	805	900	900	800	
Director Fees	1,983	2,500	1,200	1,600	<-Proj: 1 canceled mtg,
Payroll Tax Expense		200	150	200	
Dues & licenses	397	500	500	500	
Office & General Admin	1,794	1,000	2,000	12,000	<-10K added for legal doc mgmt
Insurance	2,521	2,500	2,500	2,500	<-Insurance PL=2,067; WC=445
Legal General Services	11,159	10,000	7,000	6,000	
Legal Fee Reimbursement	705	-	-	-	
Election Expense	-	-	-	-	
Property Tax Reimbursement	14,880	15,200	14,900	12,000	<-Primrose AV from 828k to 690k , thus decrease
Contingency	-	10,000		10,000	<likely not needed. Will be use of FB if needed.
EXPENSE TOTAL	53,649	63,600	49,950	66,700	
ANNUAL NET	9,178	(4,100)	8,850	(10,800)	<26 projects use of FB but actual should be @ apx 3k with no contingency use

General Fund Property Tax				
Assessed Valuation	7,871,600	7,597,730	7,597,730	7,134,310
Mill Levy	7.000	7.000	7.000	7.000
Calculated property taxes GF	55,101	53,184	53,184	49,940

GF + DEBT FUND Combined Mills				
GF Mill	7.000	7.000	7.000	7.000
Debt Fund Levy (from Debt Fund)	17.765	14.000	14.000	14.335
TOTAL Levy ALL FUNDS	24.765	21.000	21.000	21.335

FUND BALANCE ANALYSIS	2024 Actual	2025 Bud	2025 Proj	2026 Budget
GENERAL FUND - Jan 1	46,120	55,298	55,298	64,148
Annual Net	9,178	(4,100)	8,850	(10,800)
Dec 31, Ending Balance	55,298	51,198	64,148	53,348
DEBT FUND - Jan 1	20,923	51,000	44,780	47,880
Annual Net	30,077	(6,220)	3,100	(1,000)
Dec 31, Ending Balance	51,000	44,780	47,880	46,880
ALL FUNDS - Jan 1	67,043	106,298	106,298	118,248
Annual Net	39,255	(10,320)	11,950	(10,800)
Dec 31, Ending Balance	106,298	95,978	118,248	107,448

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT No. 3

Debt Service Fund - 2026 Budget - 10-15-25 PRELIM TO BOARD

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	2024 Actual	2025 Budget	2025 Projected	2026 BUDGET	NOTES
REVENUE					
Douglas County Property Tax	134,656	106,000	106,000	102,000	<-AV w/CP4 Min Suggested Mill
Specific Ownership Tax	10,475	8,480	8,000	8,200	<8% of collections
Interest Income	1,441	1,000	1,800	1,500	
Misc Income	-	-	-	-	
TOTAL REVENUE	146,572	115,480	115,800	111,700	
EXPENSE					
Legal - Litigation	-	-	-	-	
Treasurer's Fees	2,043	1,700	1,700	1,700	
Property Tax Reimbursement	-	-	-	-	
Debt Service - Bond Pymt to CP1	114,452	115,000	111,000	110,000	
Legal Reimbursements	-	-	-	-	
Contingency	-	5,000	-	1,000	
TOTAL EXPENSES	116,495	121,700	112,700	112,700	
ANNUAL NET	30,077	(6,220)	3,100	(1,000)	Contingency likely not needed

Fund balance +30k high due to
2024 CP4 reversal of baloon pymt
collections

Debt Fund Property Tax Summary				
Assessed Valuation	7,871,600	7,597,730	7,597,730	7,134,310
Mill Levy CP4 Loan Pledge	17.765	14.000	14.000	14.335
Calculated property taxes	139,839	106,368	106,368	102,270
FUND BALANCE ANALYSIS				
DEBT FUND - Jan 1	20,923	51,000	51,000	54,100
Annual Net	30,077	(6,220)	3,100	(1,000)
Dec 31, Ending Balance	51,000	44,780	54,100	53,100

<-CP4 Min Suggested Mill