

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 9
TOWN OF CASTLE ROCK, STATE OF COLORADO**

ANNUAL REPORT FOR FISCAL YEAR 2017

Pursuant to §32-1-207(3)(c), C.R.S., the Town of Castle Rock, Colorado (the “Town”) has requested that The Villages at Castle Rock Metropolitan District No. 9 (the “District”), submit an annual report to the Town reflecting the activity and financial events through the preceding December 31 (the “report year” or “2017”).

As an introductory note for the Town, the District’s Board of Directors (the “Board”) was reconstituted through appointment by the Town Council on August 21, 2018, through adoption of Resolution No. 2018-072, after a period of nearly 30 years of the Board being vacated and of the District being dormant. The Board is in the process of bringing the District current and assessing the outstanding obligations and needs of the District and its taxpayers. Because the District was inactive in 2017, there is very little substantive information reflected in this report for 2017; however, as much information as is available for 2017 and the current year is provided below.

For the year ending December 31, 2017, the District makes the following report:

A. A narrative summary of the progress of the District in implementing its service plan for the report year;

No public improvements were constructed by the District during the report year.

B. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year 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) for the report year;

The District’s application for exemption from audit is currently being prepared by the District’s Accountant for filing with the State Auditor. In light of the District’s extended dormancy, the State Auditor has requested applications for 2017, 2016, and 2015, only, all of which are in the process of being prepared. Because there were no revenues or expenditures of the District during those years, the applications are anticipated to be very sparse. A copy of each of the applications will be provided to the Town upon filing with the State Auditor.

C. Unless disclosed within a separate schedule to the financial statements, 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;

No capital expenditures were incurred by the District in 2017 and none are currently proposed.

D. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the District in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and the current mill levy of the District pledged to debt retirement in the report year;

No new District indebtedness or long-term obligations were issued in the report year. Please see the response to item H, below, with regard to outstanding financial obligations of the District.

The total assessed valuation of all taxable properties within the District, as certified by the Douglas County Assessor's Office, for 2017 was \$10,490. The preliminary assessed valuation for the District for 2018 is \$88,190. There was no mill levy pledged to debt retirement in the report year.

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

A copy of the District's 2018 budget is attached as **Exhibit A**.

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

No development occurred within the District during the report year.

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

No fees, charges or assessments were imposed by the District during the report year.

H. Certification of the Board that no action, event or condition enumerated in Section 11.02.060 of the Castle Rock Municipal Code has occurred in the report year; and

The Board is in the process of evaluating its outstanding financial and contractual obligations, if any. The Villages at Castle Rock Metropolitan District No. 4 ("District No. 4") and Founder's Village Metropolitan District ("Founders") contend that the District has a contractual financial obligation to District No. 4 as the result of revenue bonds issued by District No. 4 in 1991 for public improvements that purportedly benefit the District as well as District No. 4, Founders and other districts which have since dissolved. The District, District No. 4 and Founders are scheduled to meet on October 9, 2018, to discuss what District No. 4 and Founders believe are the District's obligations. Further, the District is in the process of reviewing the documentation provided with regard to the potential obligations to determine what obligations the District may have. As a result, the District is unable to certify, pursuant to Section 11.02.060, Subsection A, of the Castle Rock Municipal Code, that there is no action, event or condition that occurred during the report year.

As of the date of this report, the District can certify that there is no action, event or condition enumerated in Section 11.02.060 Subsections B-I, inclusive, of the Castle Rock Municipal Code which occurred in the report year.

I. 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 of the Board.

Members of the Board:

Robert L. Eck, II, President
6111 Quartz Loop
Arvada, Colorado 80403
PH: (303) 961-0313

Lisa A. Johnson, Secretary/Treasurer
6401 Sparrow Avenue
Firestone, Colorado 80504
PH: (303) 386-6349

Joseph Locicero, Assistant Secretary
2700 East Cherry Creek South Drive, #203
Denver, Colorado 80203
PH: (925) 708-2051

General Counsel:

Jennifer Gruber Tanaka, Esq.
WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122


Regular Meetings of the Board of Directors:

November 26, 2018
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122
1:00 P.M.

The District hereby certifies that the information provided herein is true and accurate and, as of the date hereof.

Respectfully submitted this 8th day of October, 2018.

THE VILLAGES AT CASTLE ROCK
METROPOLITAN DISTRICT NO. 9



Jennifer Gruber Tanaka, Esq.
General Counsel to the District

EXHIBIT A

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 9

2018 BUDGET

Resolution No. 2018-08-04

**RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

(2018)

The Board of Directors of The Villages at Castle Rock Metropolitan District No. 9 (the “Board”), City of Castle Rock, Colorado (the “District”) held a special meeting at 2154 E. Commons Avenue, Suite 2000, Centennial, Colorado, on August 27, 2018, at the hour of 11:00 A.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2018 BUDGET

**NOTICE OF SPECIAL MEETING
AND
NOTICE AS TO PROPOSED 2018 BUDGET**

NOTICE IS HEREBY GIVEN that the Board of Directors (the “Board”) of the VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 9 (the “District”), Town of Castle Rock, Douglas County, State of Colorado, will hold a special meeting of the District at 2154 East Commons Avenue, Suite 2000, Centennial, Colorado, on August 27, 2018, at 11:00 A.M., for the purpose of conducting such business as may come before the Board. This meeting is open to the public. Pursuant to § 24-6-402(2)(c), C.R.S., the agenda for any special meeting may be obtained by visiting www.whitebearankele.com* or, alternatively, by calling (303) 858-1800.

NOTICE IS FURTHER GIVEN that a proposed budget has been submitted to the District for the year of 2018. A copy of the proposed budget is on file in the office of White Bear Ankele Tanaka & Waldron, PC, 2154 East Commons Avenue, Suite 2000, Centennial, Colorado, where the same is open for public inspection. Such proposed budget will be considered at a special meeting of the District to be held at 2154 East Commons Avenue, Suite 2000, Centennial, Colorado, on August 27, 2018 at 11:00 A.M. Any interested elector of the District may inspect the proposed budget and file or register any objections at any time prior to final adoption of the budget.

**BY ORDER OF THE BOARD OF DIRECTORS:
THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT
NO. 9**

/s/ WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

*Agendas may change from time to time after posting on this website and such agenda will be posted when available. Any matter listed on an agenda in any manner may lead to formal action at any time. Agenda items may be added or deleted at or before a meeting and formal action may be taken at a meeting on any added matter. No assurance can be made that changes to agendas made within 72 hours of a meeting will be known by White Bear Ankele Tanaka & Waldron (“WBA”), as the website posting entity, or that the website posting entity will be able to respond all callers and/or email contacts prior to any meeting. WBA will do what it reasonably can do to have accurate information and be responsive to the public at all times.

Thereupon, Director Johnson introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2018 AND ENDING ON THE LAST DAY OF DECEMBER 2018.

WHEREAS, the Board has authorized its treasurer, accountant and/or legal counsel to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on August 27, 2018, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-101, *et seq.*, C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Summary of 2018 Revenues and 2018 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2018, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year

2018. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2018 budget year, there is hereby levied a tax of (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2018 budget year, there is hereby levied a tax of (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2018 budget year, there is hereby levied a tax of (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2018 budget year, there is hereby levied a tax of (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Douglas County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.


Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Locicero.

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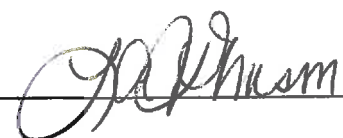
ADOPTED THIS 27th DAY OF August, 2018.

THE VILLAGES AT CASTLE ROCK METROPOLITAN
DISTRICT NO. 9



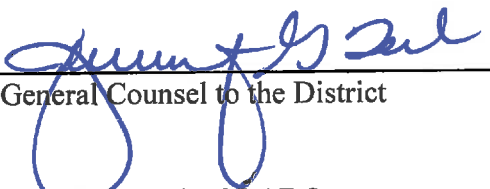
Officer of District

ATTEST:



APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

STATE OF COLORADO
COUNTY OF ARAPAHOE
THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 9

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on August, 27, 2018, at 2154 East Commons Avenue, Suite 200, Centennial, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 27th day of August, 2018.




EXHIBIT A

BUDGET DOCUMENT

BUDGET MESSAGE

The Villages at Castle Rock Metropolitan District No. 9
Assessed Value, Property Tax and Mill Levy Information

	2016** Actual	2017** Adopted Budget	2018 Proposed Budget
Assessed Valuation*	\$0.00	\$0.00	\$0.00
Mill Levy			
General Fund	0.000	0.000	0.000
Debt Service Fund	0.000	0.000	0.000
Temporary Mill Levy Reduction	0.000	0.000	0.000
Refunds and Abatements	0.000	0.000	0.000
Total Mill Levy	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Property Taxes			
General Fund	\$0.00	\$0.00	\$0.00
Debt Service Fund	\$0.00	\$0.00	\$0.00
Temporary Mill Levy Reduction	\$0.00	\$0.00	\$0.00
Refunds and Abatements	\$0.00	\$0.00	\$0.00
Actual/Budgeted Property Taxes	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

*For purposes of this 2018 Budget, the Assessed Valuation of the District is assumed to be \$0

** No budgets were adopted or costs incurred for 2016 or 2017.

**The Villages at Castle Rock Metropolitan District No. 9
Assessed Value, Property Tax and Mill Levy Information**

**GENERAL FUND
2018 PROPOSED BUDGET
with 2016 Actual, 2017 Adopted Budget and 2018 Estimated Budget**

	2016* Actual	2017* Adopted	2017* Actual YTD	2017* Est. Budget	2018 Proposed Budget
BEGINNING FUND BALANCE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
REVENUE					
Property Tax Revenue	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Specific Ownership Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Developer Advance	\$0.00	\$0.00	\$0.00	\$0.00	\$50,000.00
Interest Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Miscellaneous Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenue	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$50,000.00</u>
Total Funds Available	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$50,000.00</u>
EXPENDITURES					
Legal	\$0.00	\$0.00	\$0.00	\$0.00	\$37,650.00
Accounting	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Audit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance /Bonds	\$0.00	\$0.00	\$0.00	\$0.00	\$2,500.00
Office Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$750.00
District Management	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Election	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Treasurer's Fees (1.5%)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contingency	\$0.00	\$0.00	\$0.00	\$0.00	\$7,644.00
Total Expenditures	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$48,544.00</u>
Emergency Reserve (3%)	\$0.00	\$0.00	\$0.00	\$0.00	\$1,456.00
Total Expenditures Requiring Appropriation	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$50,000.00</u>
ENDING FUND BALANCE	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

* No budgets were adopted or costs incurred for 2016 or 2017.

The Villages at Castle Rock Metropolitan District No. 9

BUDGET MESSAGE 2018 BUDGET

INTRODUCTION

The budget reflects the projected spending plan for the 2018 fiscal year based upon available revenues. This budget provides for the general operations of the District with no anticipation of the issuance of debt or capital projects.

No mill levy will be certified in 2017 for collection in 2018, with all expenses being advanced by the developer.

SERVICES PROVIDED

Through its Service Plan, the District is authorized to finance certain street, water, storm drainage, sanitary sewer, park and recreation, traffic signal and control, and mosquito control improvements.

REVENUE

The primary source of funds for 2018 is developer advances.

EXPENDITURES

Administrative expenses have been primarily for legal services and insurance.

FUNDS AVAILABLE

The District's budget exists from the developer's advances to cover the District's operations, including its administrative functions.

ACCOUNTING METHOD

The District uses funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the District's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.