CASTLE PINES VILLAGE
METROPOLITAN DISTRICT™

2027 Budget Message

(Pursuant to 29-1-101, C.R.S.)

The attached 2027 Proposed Budget for the Castle Pines Village Metropolitan District (District) includes discussion of budget policy, financial highlights, and capital investments. The District operates on a calendar year and uses two funds: the General Fund and the Water and Sewer Fund.

The District uses a modified accrual basis of accounting to prepare the annual budget. The basis of accounting indicates the timing of revenue and expenditure recognition in each fund. In the General Fund, the modified accrual basis of accounting is also used for financial reporting. However, the Water and Sewer Fund uses a full accrual basis of accounting for financial reporting which impacts presentation of pension and other post-employment benefits (OPEB), capital outlay, depreciation, and principal on long term debt. A reconciliation of the accrual basis to the budgetary basis of reporting is included in the annual audited financial statements for the Water and Sewer Fund.

Budget Policy

The District's Budget Policy promotes fiscal stewardship through strategic preparation and intentional management of an annual budget. District management prepares a balanced budget for the Board of Directors, made available to the public in advance of adoption, in accordance with Colorado Revised Statutes.

Operating Reserves equivalent to 25% of budgeted operating expenditures and Capital Reserves of $1 million are included in the annual budget for each fund to comply with external loan requirements and to mitigate unforeseen risks. The Finance department prepares budget and actual reports throughout the fiscal year to demonstrate compliance with District policy.

Financial Highlights

For the 2027 fiscal year, the District is prioritizing maintaining a healthy fund balance for ongoing infrastructure needs and reinvestment of resident-derived resources back into the community.

Total operating revenue is budgeted at $18,078,600 in 2027, a decrease of $1,082,514 (5.6%) from the 2026 final budget. Property tax remains the largest revenue source in the General Fund and charges for services continue to be the primary revenue source in the Water and Sewer Fund. Development within District boundaries is nearly complete leaving property tax collections nearly consistent with prior year based on preliminary assessments from Douglas County. The District is not including any increases in water rates for 2027 in this budget, which will also flatten charges for services revenues in the Water and Sewer Fund.

Total operating expense is budgeted at $18,637,357 in 2027, a decrease of $10,190,584 (35.3%) from the 2026 final budget. A reduction in capital outlay is the primary contributor of this decrease following completion of the water treatment plant expansion and a new water tank. These projects were primarily funded with proceeds from the 2022 Revenue Bond, with supplemental funding from the Water and Sewer fund balance once all bond proceeds were exhausted. The District will continue to invest in maintenance and replacement of aging infrastructure supporting delivery of reliable water, sewer, and roadway services.

In accordance with State law, a transfer of $843,000 is budgeted from the General Fund to the Water and Sewer Fund. Fund balance of $558,757 will be used in 2027, maintaining healthy ending fund balances in both funds.

General Fund

General Fund revenues are budgeted at $9,645,000, an increase of $134,045 (1.4%) over 2026. Property tax revenues will increase 2.1% from 2026 collections based on preliminary assessments, generating $8,740,500 in 2027. Investment income is budgeted at $325,000, a decrease of $60,000 (15.6%) based on current economic conditions.

Total budgeted expenses before transfers are $9,545,245, remaining relatively flat with a 0.5% decrease from 2026. Individual line-item increases were able to be offset with decreases in other lines to maintain total budgeted expenses consistent with prior year.

The Executive and Administrative function is increased by $300,032 (10.1%) over prior year. Changes in the personnel line account for most of this increase, including the movement of one full-time employee from the Water and Sewer Fund to the General Fund based on role. Increases in medical insurance premiums, while consistent with market rates, also contribute to personnel line increases in 2027.

The Operations function is decreased by $889,170 (33.8%) due to completion of one-time projects and continued alignment of budgeted expenses with actual activity. Completion of multiple deferred maintenance projects in 2026 combined with effective competitive solicitations are responsible for most of the year over year budgetary decrease.

Finance function is increased by $42,588 (25.1%) primarily related to office expenses. Software platforms enhancing fiscal and customer service operations are included in this line, including a new procurement card platform promoting efficiency of point-of-sale transactions that will generate rebates to help offset annual platform cost. Budget is also included here for a software module integrated to improve customer experience.

Capital Programs budget includes a $500,000 increase in the operations and maintenance line for landscape improvements and fencing surrounding the new water tank. Budget in this department continues to focus on roadway maintenance and rehabilitation, budgeted at $3.3 million in 2027.

After transfers out to the Water and Sewer Fund of $843,000, the General Fund is budgeting to use $743,245 of fund balance in 2027. Operating reserves of $2,267,536 and capital reserves of $1,000,000 are also included in the budget resulting in budgeted ending fund balance of $16,622,319.

Water and Sewer Fund

Operating revenue is budgeted at $8,433,600, a decrease of $1,216,559 (12.6%) from the 2026 final budget. Charges for services remain the largest revenue source in the fund and includes usage charges and base rate fees for water, sewer, and storm services. There are no increases to usage tier rates or fixed base rates in the 2027 budget; therefore, the charges for services line remains consistent with prior year.

Other income includes administrative fees (e.g. insufficient funds, new account setup) and also incorporates revenues collected from the Castle Pines Golf Club and Country Club at Castle Pines related to their proportionate share of the Plum Creek Water Reclamation Authority (PCWRA) reuse reservoir rehabilitation project. Funds collected from the golf courses are remitted directly to PCWRA for the project and reported as an operating expense in the Water and Sewer Fund. This project began in 2026 and required an amendment to the 2026 budget to appropriate the additional anticipated revenue. Because this project is not related to charges to customers, it is reported separately with other income. Based on project progress, budget in the other income line is reduced by $873,860 in 2027.

Total operating expense is budgeted at $9,092,112, a decrease of $10,144,034 (52.7%) from 2026 primarily due to reductions in capital outlay concluding construction of the water treatment plant expansion and new water tank.

The Executive and Administrative expenses budget is $3,248,000, a decrease of $1,031,203 (24.1%) from prior year. Notable changes include the shift of one full-time equivalent employee to the General Fund in 2027, resulting in an overall decrease in personnel expense even when considered with overall increases in healthcare insurance premiums. The operations and maintenance line depicts the largest reduction accounting for the change in budgeted expenses related to the PCWRA reuse reservoir rehabilitation project discussed previously. Water resources budget is increased by $182,500 for strategic initiatives outlined later in this message.

Operations department budget is decreased by $436,625 (13.3%) from 2026. One-time projects completed in 2026 are not included in the 2027 budget and account for most of the reduction across well operations, water distribution, and storm drainage services. Budget for resident backflow testing credits was also removed from the budget in 2027 as this incentive program concluded in 2026.

Finance department budget decreased by $71,206 (4.0%) in 2027 with a couple of notable changes. First, depreciation expense of $1,400,000 is removed for budgeting purposes to better reflect financial resources available for annual spend in the fund. Because depreciation does have an economic impact on the net amount invested in capital assets, the expense will continue to be recognized in the audited financial statements in accordance with generally accepted accounting principles (GAAP). Additionally, principal and interest payments on the 2022 Revenue Bond are now included in operating activity with other long-term loans. Now that the bond proceeds are completely spent and related projects are complete, repayment of these liabilities is no longer reported separate from operations. Other long-term loans include two Drinking Water Revolving Fund (DWRF) loans, one of which will be completely paid mid-2027 and the other is payable through 2035; a third DWRF loan was completely paid in 2026.

Capital Programs budget is decreased by $8,605,000 (86.9%) because of completed capital construction and infrastructure rehabilitation projects. New funding is included in the operations and maintenance line for additional infrastructure maintenance and in the capital outlay line for design of pressure zone rehabilitation.

The Water and Sewer Fund is budgeting for an increase in fund balance of $184,488 following a transfer in from the General Fund of $843,000. Operating reserves of $2,111,000 and capital reserves of $1,000,000 are also included in the budget resulting in budgeted ending fund balance of $7,412,347. All bond activity is now considered operating as discussed previously.

Planned Initiatives and Projects

The District's annual budget includes strategic programs and projects that further our mission through focus on long-range objectives. In 2027, priorities include public health and safety and preserving existing infrastructure.

Capital Projects and Key Initiatives:

- Long-Term Renewable Water Plan (Phase III) ($275K): The District completed Phase II of this project in 2026. Phase III will advance the selected reservoir site and its connecting pipelines to a 10% design with planning-level cost estimates, a reconnaissance geotechnical review, and a permitting plan. This work will position the District to pursue a Colorado Water Plan Grant to fund the next phase of design.
- Pressure Zone Rehabilitation ($500K): The District will design a new pressure zone in 2027 that will include new pressure reducing valve and/or pump stations, with construction planned for 2028. The project will reduce excessive pressures at some homes while improving pressures at others, providing more consistent service across the system.
- Incident Command System ($300K): The Incident Command System (ICS) project will establish a standardized approach for managing emergency incidents ensuring clear communication, coordination, and control among responders. The ICS project will provide a structured framework that enables the District to effectively plan for, respond to, and recover from incidents of any size or complexity. This project began late 2026 and will be completed in 2027.
- Resource Central Partnership ($50K): The District will continue to support the community in water conservation efforts through a partnership with Resource Central. Professional consultation services will be available to residents interested in irrigation evaluations, smart controllers, and water-wise landscaping.

Operations and Maintenance Projects:

- 2027 Roadway Program ($3.3M): The District's roadway program provides continued investment in the roadway conditions and safety in The Village. Roads will be systematically replaced or repaired based on pavement condition assessments and maintaining traffic safety.
- Landscaping and Fencing around Water Tank ($500K): Landscaping and security fencing will be installed around the new water tank to protect critical infrastructure while preserving the ambiance of the community.

- Water Tank Rehabilitation ($300K): With a new water tank online, the District will rehabilitate the existing water tanks to maintain useful life.
- Valve Replacements on Water Distribution System ($175K): The District will replace aging distribution system valves that have reached the end of their useful life. This work ensures staff can reliably isolate sections of the system for maintenance and emergencies, minimizing service disruptions to customers.

Castle Pines Village Metropolitan District
Budget Summary
2027 Proposed Budget

	General Fund	Water and Sewer Fund	Total
Operating Revenue			
Property Tax	$ 8,740,500	$ -	$ 8,740,500
Charges for Services	25,000	7,037,000	7,062,000
Investment Income	325,000	140,000	465,000
Specific Ownership Tax	550,000	-	550,000
Effluent Pumping	-	95,800	95,800
Other Income	4,500	1,160,800	1,165,300
Total Operating Revenue	**9,645,000**	**8,433,600**	**18,078,600**
Operating Expenses			
Operations and Maintenance	4,837,500	4,002,125	8,839,625
Personnel	2,863,700	872,100	3,735,800
Principal and Interest on Long-Term Debt	-	1,598,133	1,598,133
Professional Services	622,610	437,000	1,059,610
Utilities	183,100	721,000	904,100
Water Resources	-	432,500	432,500
Office Expenses	231,485	189,904	421,389
Insurance	80,100	80,100	160,200
Training and Development	81,505	68,900	150,405
County Treasurer Fees	130,995	-	130,995
Marketing and Communications	39,150	42,100	81,250
Capital Outlay	475,100	648,250	1,123,350
Total Operating Expenses	**9,545,245**	**9,092,112**	**18,637,357**
Transfers			
Transfers In (Out) between Funds	(843,000)	843,000	-
Total Transfers	**(843,000)**	**843,000**	**-**
Net Change in Fund Balance	**$ (743,245)**	**$ 184,488**	**$ (558,757)**

Castle Pines Village Metropolitan District
General Fund
2027 Proposed Budget

		2026		
	2025 Actual	Original/ Final Budget	Projected Actual	2027 Proposed Budget
Revenue				
Property Tax	$ 8,388,118	$ 8,561,455	$ 8,559,902	$ 8,740,500
Specific Ownership Tax	638,133	525,000	550,000	550,000
Investment Income	916,977	385,000	325,000	325,000
Charges for Services	241,153	30,000	25,000	25,000
Other Income	63,122	9,500	5,900	4,500
Total Revenue	**10,247,503**	**9,510,955**	**9,465,802**	**9,645,000**
Expenditures				
Executive and Administrative				
Personnel	1,131,140	2,589,853	2,445,530	2,863,700
Professional Services	95,253	132,610	102,755	114,630
Office Expense	60,784	76,582	64,745	90,625
Insurance	55,348	69,278	65,570	80,100
Training and Development	31,006	40,155	48,445	56,555
Marketing and Communications	36,779	50,250	41,350	39,150
Operations and Maintenance	73,457	12,000	7,500	26,000
Capital Outlay	9,822	-	-	-
Total	1,493,589	2,970,728	2,775,895	3,270,760
Operations				
Operations and Maintenance	773,801	1,677,700	1,154,200	861,500
Utilities	115,445	193,500	158,800	183,100
Professional Services	24,273	113,600	109,400	125,480
Office Expense	50,864	86,650	73,750	75,100
Training and Development	8,553	35,000	32,000	22,000
Capital Outlay	198,417	525,000	474,882	475,100
Total	1,171,353	2,631,450	2,003,032	1,742,280
Finance				
County Treasurer Fees	125,780	128,294	128,294	130,995
Office Expense	31,233	27,573	31,440	65,760
Professional Services	10,500	12,000	11,000	12,500
Training and Development	1,545	1,750	1,750	2,950
Total	169,058	169,617	172,484	212,205
Capital Programs				
Operations and Maintenance	4,158,392	3,500,000	3,361,435	3,950,000
Professional Services	8,464	320,000	22,500	370,000
Total	4,166,856	3,820,000	3,383,935	4,320,000
Total Expenditures	**7,000,856**	**9,591,795**	**8,335,346**	**9,545,245**
Transfer Out to Other Funds	(735,000)	(765,000)	(765,000)	(843,000)
Change in Fund Balance	**2,511,647**	**(845,840)**	**365,456**	**(743,245)**
Beginning Fund Balance, Estimated	17,755,997	19,165,204	20,267,644	20,633,100
Operating Reserves	-	2,266,699	-	2,267,536
Capital Reserves	-	1,000,000	-	1,000,000
Ending Fund Balance, Estimated	**$ 20,267,644**	**$ 15,052,665**	**$ 20,633,100**	**$ 16,622,319**

Castle Pines Village Metropolitan District
Water and Sewer Fund
2027 Proposed Budget

		2026			
	2025 Actual	Original Budget	Final Budget	Projected Actual	2027 Proposed Budget
Operating Revenue					
Charges for Services	$ 7,206,999	$ 6,990,000	$ 6,990,000	$ 7,578,000	$ 7,037,000
Investment Income	785,948	280,000	280,000	350,000	140,000
Effluent Pumping	93,052	345,499	345,499	105,000	95,800
Other Income	79,002	34,660	2,034,660	2,146,170	1,160,800
Total Operating Revenue	**8,165,001**	**7,650,159**	**9,650,159**	**10,179,170**	**8,433,600**
Operating Expenses					
Executive and Administrative					
Personnel	1,596,898	977,914	977,914	940,660	872,100
Operations and Maintenance	463,590	728,711	2,728,711	2,708,212	1,621,800
Water Resources	193,942	250,000	250,000	210,700	432,500
Professional Services	75,258	113,700	113,700	84,000	94,000
Insurance	61,374	69,278	69,278	65,690	80,100
Office Expense	41,015	50,750	50,750	43,500	54,000
Training and Development	29,219	34,650	34,650	43,800	51,400
Marketing and Communications	46,867	54,200	54,200	41,000	42,100
Total	2,508,163	2,279,203	4,279,203	4,137,562	3,248,000
Operations					
Operations and Maintenance	1,437,480	2,169,600	2,169,600	1,303,035	1,780,325
Utilities	598,576	674,500	674,500	672,500	721,000
Professional Services	146,001	175,400	175,400	128,095	130,500
Office Expense	37,681	65,400	65,400	57,515	44,200
Training and Development	4,688	21,000	21,000	21,000	15,000
Capital Outlay	101,722	170,000	170,000	172,610	148,250
Total	2,326,148	3,275,900	3,275,900	2,354,755	2,839,275
Finance					
Depreciation Expense	1,777,924	1,400,000	1,400,000	1,800,000	
Office Expense	72,326	83,670	83,670	77,720	91,704
Professional Services	41,946	36,500	36,500	19,200	12,500
Training and Development	1,041	1,500	1,500	1,500	2,500
Principal on Long-Term Debt	226,960	234,229	234,229	234,229	526,296
Interest on Long-Term Debt	25,547	20,144	20,144	20,144	1,071,837
Total	2,145,744	1,776,043	1,776,043	2,152,793	1,704,837

Castle Pines Village Metropolitan District
Water and Sewer Fund
2027 Proposed Budget

		2026			
	2025 Actual	Original Budget	Final Budget	Projected Actual	2027 Proposed Budget
Capital Programs					
Operations and Maintenance	40,196	690,000	690,000	530,000	600,000
Professional Services	241,060	290,000	290,000	271,555	200,000
Capital Outlay	411,772	8,925,000	8,925,000	8,010,000	500,000
Total	693,028	9,905,000	9,905,000	8,811,555	1,300,000
Total Operating Expenses	**7,673,083**	**17,236,146**	**19,236,146**	**17,456,665**	**9,092,112**
Transfer In From Other Fund	735,000	765,000	765,000	765,000	843,000
Change in Fund Balance	**1,226,918**	**(8,820,987)**	**(8,820,987)**	**(6,512,495)**	**184,488**
Beginning Unrestricted Fund Balance	**15,624,436**	**16,982,179**	**16,982,179**	**16,851,354**	**10,338,859**
Operating Reserves	-	2,035,287	2,035,287	-	2,111,000
Capital Reserves	-	1,000,000	1,000,000	-	1,000,000
Ending Unrestricted Fund Balance	**$ 16,851,354**	**$ 5,125,905**	**$ 5,125,905**	**$ 10,338,859**	**$ 7,412,347**
Nonoperating Income (Expense)					
Investment Income - Bonds	$ 745,133	$ 250,000	$ 250,000	$ 175,000	$ -
Capital Outlay - Bond	(13,614,519)	(10,800,000)	(10,800,000)	(10,800,000)	
Interest on Bonds	(1,083,329)	(1,071,350)	(1,071,350)	(1,071,350)	
Principal on Bonds	(260,000)	(270,000)	(270,000)	(270,000)	
Total Nonoperating Activity	**$ (14,212,715)**	**$ (11,891,350)**	**$ (11,891,350)**	**$ (11,966,350)**	**$ -**

Castle Pines Village Metropolitan District
Capital Investments
2027 Proposed Budget

Project Description		
General Fund		
New Vehicles (3)	$	258,500
Vac Trailer Replacement		166,750
Bobcat Utility Vehicle Replacement		42,750
Skid Steer Broom Attachment		7,100
Total General Fund		475,100
Water & Sewer Fund		
Pressure Zone Rehabilitation		500,000
New Vehicle (1)		76,250
Server Replacement		72,000
Total Water & Sewer Fund		648,250
Total Capital Investments	**$**	**1,123,350**