

**THE VILLAGES AT CASTLE ROCK  
METROPOLITAN DISTRICT NO. 6  
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2025**

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Dazzio & Associates, PC

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Villages at Castle Rock Metropolitan District No. 6  
Douglas County, Colorado

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the The Villages at Castle Rock Metropolitan District No. 6 (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 the District, as of December 31, 2025, 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

***Other Information***

Management is responsible for the other information included in the annual report. The Other Information and the Annual Disclosure, as listed on the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the Other Information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Dazio & Associates, P.C.*

June 10, 2026

## **BASIC FINANCIAL STATEMENTS**

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2025**

|                                      | <u>Governmental<br/>Activities</u> |
|--------------------------------------|------------------------------------|
| <b>ASSETS</b>                        |                                    |
| Cash and Investments                 | \$ 1,075,524                       |
| Cash and Investments - Restricted    | 675,201                            |
| Receivable from County Treasurer     | 28,895                             |
| Prepaid Insurance                    | 8,007                              |
| Property Tax Receivable              | 4,433,266                          |
| Capital Assets:                      |                                    |
| Capital Assets Not Being Depreciated | <u>2,065,418</u>                   |
| Total Assets                         | <u>8,286,311</u>                   |
| <b>LIABILITIES</b>                   |                                    |
| Accounts Payable                     | 87,659                             |
| Fire Protection IGA Payable          | 575,456                            |
| Accrued Interest                     | 114,761                            |
| Noncurrent Liabilities:              |                                    |
| Due Within One Year                  | 538,701                            |
| Due in More Than One Year            | <u>60,183,460</u>                  |
| Total Liabilities                    | <u>61,500,037</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                                    |
| Deferred Property Tax                | <u>4,433,266</u>                   |
| Total Deferred Inflows of Resources  | <u>4,433,266</u>                   |
| <b>NET POSITION</b>                  |                                    |
| Restricted for:                      |                                    |
| Emergency Reserve                    | 24,200                             |
| Debt Service                         | 565,135                            |
| Net Position - Unrestricted          | <u>(58,236,327)</u>                |
| Total Net Position                   | <u>\$ (57,646,992)</u>             |

See accompanying Notes to Basic Financial Statements.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2025**

| FUNCTIONS/PROGRAMS<br>Primary Government:<br>Governmental Activities:<br>General Government<br>Interest on Long-Term Debt<br>and Related Costs<br><br>Total Governmental Activities | Program Revenues    |                            |                                          | Net Revenues<br>(Expenses)<br>and Changes<br>in Net Position |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------|------------------------------------------|--------------------------------------------------------------|
|                                                                                                                                                                                     | Expenses            | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions |                                                              |
|                                                                                                                                                                                     | \$ 812,846          | \$ -                       | \$ -                                     | \$ (812,846)                                                 |
|                                                                                                                                                                                     | <u>3,274,512</u>    | <u>-</u>                   | <u>-</u>                                 | <u>(3,274,512)</u>                                           |
|                                                                                                                                                                                     | <u>\$ 4,087,358</u> | <u>\$ -</u>                | <u>\$ -</u>                              | <u>(4,087,358)</u>                                           |
| <b>GENERAL REVENUES</b>                                                                                                                                                             |                     |                            |                                          |                                                              |
| Property Taxes                                                                                                                                                                      |                     |                            |                                          | 3,912,679                                                    |
| Specific Ownership Taxes                                                                                                                                                            |                     |                            |                                          | 345,974                                                      |
| Interest Income                                                                                                                                                                     |                     |                            |                                          | 96,019                                                       |
| Property Taxes - Fire Protection IGA                                                                                                                                                |                     |                            |                                          | 583,921                                                      |
| Total General Revenues and Transfers                                                                                                                                                |                     |                            |                                          | <u>4,938,593</u>                                             |
| <b>CHANGES IN NET POSITION</b>                                                                                                                                                      |                     |                            |                                          | 851,235                                                      |
| Net Position - Beginning of Year                                                                                                                                                    |                     |                            |                                          | <u>(58,498,227)</u>                                          |
| <b>NET POSITION - END OF YEAR</b>                                                                                                                                                   |                     |                            |                                          | <u><u>\$ (57,646,992)</u></u>                                |

See accompanying Notes to Basic Financial Statements.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2025**

|                                                                          | General             | Debt<br>Service     | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------------------|---------------------|---------------------|--------------------------------|
| <b>ASSETS</b>                                                            |                     |                     |                                |
| Cash and Investments                                                     | \$ 1,075,524        | \$ -                | \$ 1,075,524                   |
| Cash and Investments - Restricted                                        | 24,200              | 651,001             | 675,201                        |
| Receivable from County Treasurer                                         | -                   | 28,895              | 28,895                         |
| Prepaid Insurance                                                        | 8,007               | -                   | 8,007                          |
| Property Tax Receivable                                                  | <u>726,590</u>      | <u>3,706,676</u>    | <u>4,433,266</u>               |
| Total Assets                                                             | <u>\$ 1,834,321</u> | <u>\$ 4,386,572</u> | <u>\$ 6,220,893</u>            |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                     |                     |                                |
| <b>LIABILITIES</b>                                                       |                     |                     |                                |
| Accounts Payable                                                         | \$ 87,659           | \$ -                | \$ 87,659                      |
| Fire Protection IGA Payable                                              | <u>575,456</u>      | <u>-</u>            | <u>575,456</u>                 |
| Total Liabilities                                                        | 663,115             | -                   | 663,115                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                     |                     |                                |
| Deferred Property Tax                                                    | <u>726,590</u>      | <u>3,706,676</u>    | <u>4,433,266</u>               |
| Total Deferred Inflows of Resources                                      | 726,590             | 3,706,676           | 4,433,266                      |
| <b>FUND BALANCES</b>                                                     |                     |                     |                                |
| Nonspendable:                                                            |                     |                     |                                |
| Prepaid Expense                                                          | 8,007               | -                   | 8,007                          |
| Restricted for:                                                          |                     |                     |                                |
| Emergency Reserves                                                       | 24,200              | -                   | 24,200                         |
| Debt Service                                                             | -                   | 679,896             | 679,896                        |
| Assigned to:                                                             |                     |                     |                                |
| Subsequent Year's Expenditures                                           | 191,410             | -                   | 191,410                        |
| Unassigned                                                               | <u>220,999</u>      | <u>-</u>            | <u>220,999</u>                 |
| Total Fund Balances                                                      | <u>444,616</u>      | <u>679,896</u>      | <u>1,124,512</u>               |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances   | <u>\$ 1,834,321</u> | <u>\$ 4,386,572</u> |                                |

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

2,065,418

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

|                                                    |                  |
|----------------------------------------------------|------------------|
| Bonds Payable 2021                                 | (56,954,000)     |
| Bonds Payable 2007                                 | (4,121,070)      |
| Bond Discount                                      | 483,930          |
| Accrued Interest Payable                           | (114,761)        |
| Accrued Interest Payable - 2021B Subordinate Bonds | <u>(131,021)</u> |

Net Position of Governmental Activities

\$ (57,646,992)

See accompanying Notes to Basic Financial Statements.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2025**

|                                      | General                  | Debt<br>Service          | Total<br>Governmental<br>Funds |
|--------------------------------------|--------------------------|--------------------------|--------------------------------|
| <b>REVENUES</b>                      |                          |                          |                                |
| Property Taxes                       | \$ 186,855               | \$ 3,725,824             | \$ 3,912,679                   |
| Specific Ownership Taxes             | -                        | 345,974                  | 345,974                        |
| Interest Income                      | 35,155                   | 60,864                   | 96,019                         |
| Property Taxes - Fire Protection IGA | 583,921                  | -                        | 583,921                        |
| Total Revenues                       | <u>805,931</u>           | <u>4,132,662</u>         | <u>4,938,593</u>               |
| <b>EXPENDITURES</b>                  |                          |                          |                                |
| Current:                             |                          |                          |                                |
| Accounting                           | 38,000                   | -                        | 38,000                         |
| Auditing                             | 5,800                    | -                        | 5,800                          |
| County Treasurer's Fee               | 11,568                   | 55,916                   | 67,484                         |
| District Management                  | 19,519                   | -                        | 19,519                         |
| Election                             | 1,365                    | -                        | 1,365                          |
| Fire Protection                      | 575,456                  | -                        | 575,456                        |
| Insurance                            | 12,733                   | -                        | 12,733                         |
| Legal                                | 17,796                   | -                        | 17,796                         |
| Miscellaneous                        | 5,401                    | -                        | 5,401                          |
| Pond Maintenance                     | 125,208                  | -                        | 125,208                        |
| Debt Service:                        |                          |                          |                                |
| Bond Interest - 2007                 | -                        | 496,399                  | 496,399                        |
| Bond Interest - 2021A                | -                        | 1,206,356                | 1,206,356                      |
| Bond Interest - 2021B                | -                        | 2,491,360                | 2,491,360                      |
| Paying Agent Fees                    | -                        | 5,580                    | 5,580                          |
| Total Expenditures                   | <u>812,846</u>           | <u>4,255,611</u>         | <u>5,068,457</u>               |
| <b>NET CHANGE IN FUND BALANCES</b>   | (6,915)                  | (122,949)                | (129,864)                      |
| Fund Balances - Beginning of Year    | <u>451,531</u>           | <u>802,845</u>           | <u>1,254,376</u>               |
| <b>FUND BALANCES - END OF YEAR</b>   | <u><u>\$ 444,616</u></u> | <u><u>\$ 679,896</u></u> | <u><u>\$ 1,124,512</u></u>     |

See accompanying Notes to Basic Financial Statements.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2025**

|                                                        |              |
|--------------------------------------------------------|--------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (129,864) |
|--------------------------------------------------------|--------------|

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

|                                              |           |
|----------------------------------------------|-----------|
| Interest Paid - 2021B Bonds                  | 2,491,360 |
| Accreted Bonds Payable - Change in Liability | 139,835   |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|                                         |                 |
|-----------------------------------------|-----------------|
| Change in Accrued Bond Interest Payable | (1,627,034)     |
| Amortization of Bond Discount           | <u>(23,062)</u> |

|                                                    |                          |
|----------------------------------------------------|--------------------------|
| Changes in Net Position of Governmental Activities | <u><u>\$ 851,235</u></u> |
|----------------------------------------------------|--------------------------|

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2025**

|                                      | Budget            |                   | Actual            | Variance with     |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                      | Original          | Final             | Amounts           | Final Budget      |
|                                      |                   |                   |                   | Positive          |
|                                      |                   |                   |                   | (Negative)        |
| <b>REVENUES</b>                      |                   |                   |                   |                   |
| Property Taxes                       | \$ 186,786        | \$ 186,786        | \$ 186,855        | \$ 69             |
| Interest Income                      | 16,500            | 16,500            | 35,155            | 18,655            |
| Property Taxes - Fire Protection IGA | 583,705           | 583,705           | 583,921           | 216               |
| Total Revenues                       | 786,991           | 786,991           | 805,931           | 18,940            |
| <b>EXPENDITURES</b>                  |                   |                   |                   |                   |
| Accounting                           | 38,000            | 38,000            | 38,000            | -                 |
| Auditing                             | 5,800             | 5,800             | 5,800             | -                 |
| County Treasurer's Fee               | 11,557            | 11,557            | 11,568            | (11)              |
| District Management                  | 25,000            | 25,000            | 19,519            | 5,481             |
| Election                             | 6,000             | 6,000             | 1,365             | 4,635             |
| Fire Protection                      | 574,949           | 574,949           | 575,456           | (507)             |
| Insurance                            | 13,500            | 13,500            | 12,733            | 767               |
| Legal                                | 25,000            | 25,000            | 17,796            | 7,204             |
| Miscellaneous                        | 3,500             | 3,500             | 5,401             | (1,901)           |
| Pond Maintenance                     | 42,000            | 192,000           | 125,208           | 66,792            |
| Contingency                          | 19,694            | 19,694            | -                 | 19,694            |
| Total Expenditures                   | 765,000           | 915,000           | 812,846           | 102,154           |
| <b>NET CHANGE IN FUND BALANCE</b>    | 21,991            | (128,009)         | (6,915)           | 121,094           |
| Fund Balance - Beginning of Year     | 465,103           | 465,103           | 451,531           | (13,572)          |
| <b>FUND BALANCE - END OF YEAR</b>    | <u>\$ 487,094</u> | <u>\$ 337,094</u> | <u>\$ 444,616</u> | <u>\$ 107,522</u> |

See accompanying Notes to Basic Financial Statements.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1    DEFINITION OF REPORTING ENTITY**

The Villages at Castle Rock Metropolitan District No. 6 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Order and Decree of the Douglas County District Court on August 15, 1984, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Second Amended and Restated Service Plan approved by the Town of Castle Rock on April 27, 2004. The District's service area is located in Douglas County, Colorado. The District was established to provide construction, installation, financing and operation of public improvements, including water, sanitary, storm sewer, streets, parks and recreation facilities, safety, transportation, television relay, fire protection, and mosquito control primarily for single-family, residential development within the District.

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 primary governmental entity.

**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 property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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 District 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 susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 payments made for principal and interest on long-term general obligation debt of the governmental funds.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 has amended its annual budget for the year ended December 31, 2025.

**Pooled Cash and Investments**

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 or investment 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 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 property tax revenues are recorded as revenue in the year they are available or collected.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Amortization**

In the government-wide financial, bond discounts are deferred and amortized over the life of the bonds using the effective interest method.

**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 assets 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 District'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.

*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.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*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.

**Adoption of New Accounting Standards**

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures (Statement 102). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:

|                                   |                            |
|-----------------------------------|----------------------------|
| Cash and Investments              | \$ 1,075,524               |
| Cash and Investments - Restricted | <u>675,201</u>             |
| Total Cash and Investments        | <u><u>\$ 1,750,725</u></u> |

Cash and investments as of December 31, 2025, consist of the following:

|                                      |                            |
|--------------------------------------|----------------------------|
| Deposits with Financial Institutions | \$ 598,165                 |
| Investments                          | <u>1,152,560</u>           |
| Total Cash and Investments           | <u><u>\$ 1,750,725</u></u> |

**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 VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions (Continued)**

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, 2025, the District's cash deposits had a bank balance of \$598,165 and a carrying balance of \$598,165.

**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 noted with an asterisk (\*) below, 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.

Colorado Revised 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

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of December 31, 2025, the District had the following investments:

| <u>Investment</u>                                                 | <u>Maturity</u>                   | <u>Amount</u>       |
|-------------------------------------------------------------------|-----------------------------------|---------------------|
| US Treasury Money Market Fund                                     | Weighted-Average<br>Under 60 Days | \$ 75,149           |
| Colorado Local Government Liquid Asset<br>Trust (COLOTRUST PLUS+) | Weighted-Average<br>Under 60 Days | 1,077,411           |
| Total Investment                                                  |                                   | <u>\$ 1,152,560</u> |

**First American Government Obligation Fund**

The debt service money that is included in the trust accounts at U.S. Bank is invested in the First American Government Obligation Fund. This portfolio is a money market mutual fund which invests in U.S. Government Securities, which are fully guaranteed as to principal and interest by the United States, with maturities of 43 days or less and repurchase agreements collateralized by U.S. Government Securities. The Fund is rated AAAM by Standard & Poor's.

**COLOTRUST**

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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

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 VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**COLOTRUST (Continued)**

The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2025 follows:

|                                                | Balance at<br>December 31,<br>2024 | Increases   | Decreases   | Balance at<br>December 31,<br>2025 |
|------------------------------------------------|------------------------------------|-------------|-------------|------------------------------------|
| <b>Governmental Activities:</b>                |                                    |             |             |                                    |
| Capital Assets, Not Being Depreciated:         |                                    |             |             |                                    |
| Drainage and Detention                         | \$ 2,065,418                       | \$ -        | \$ -        | \$ 2,065,418                       |
| Total Capital Assets,<br>Not Being Depreciated | <u>\$ 2,065,418</u>                | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,065,418</u>                |

During 2020, the remaining capital assets constructed and/or acquired by the District were conveyed to the Town of Castle Rock. The costs of all capital assets transferred to the Town were removed from the District's financial records. It is anticipated that any future capital improvements, with the exception of the detention ponds, will be transferred to the Town.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS**

The District's outstanding long-term obligations at December 31, 2025, were as follows:

|                                   | Balance at<br>December 31,<br>2024 | Additions           | Reductions          | Balance at<br>December 31,<br>2025 | Due<br>Within<br>One Year |
|-----------------------------------|------------------------------------|---------------------|---------------------|------------------------------------|---------------------------|
| Bonds Payable:                    |                                    |                     |                     |                                    |                           |
| General Obligation Bonds:         |                                    |                     |                     |                                    |                           |
| Series 2007 - Accreted Value      | \$ 4,260,905                       | \$ 356,564          | \$ 496,399          | \$ 4,121,070                       | \$ 515,639                |
| Subordinate Limited Tax Supported |                                    |                     |                     |                                    |                           |
| Revenue Bonds:                    |                                    |                     |                     |                                    |                           |
| Series 2021A                      | 29,245,000                         | -                   | -                   | 29,245,000                         | -                         |
| Series 2021B                      | 27,709,000                         | -                   | -                   | 27,709,000                         | -                         |
| Accrued Interest:                 |                                    |                     |                     |                                    |                           |
| Series 2021B                      | 997,920                            | 1,624,461           | 2,491,360           | 131,021                            | -                         |
| Subtotal Bonds Payable            | 62,212,825                         | 1,981,025           | 2,987,759           | 61,206,091                         | 515,639                   |
| Bond Discount:                    |                                    |                     |                     |                                    |                           |
| Series 2021A                      | (506,992)                          | 23,062              | -                   | (483,930)                          | 23,062                    |
| Subtotal Bond Discount            | (506,992)                          | 23,062              | -                   | (483,930)                          | 23,062                    |
| Total Long-Term Obligations       | <u>\$ 61,705,833</u>               | <u>\$ 2,004,087</u> | <u>\$ 2,987,759</u> | <u>\$ 60,722,161</u>               | <u>\$ 538,701</u>         |

**Limited Tax General Obligation Refunding Bonds, Series 2021A** (the 2021A Senior Bonds) and **Subordinate Limited Tax General Obligation Refunding Bonds, Series 2021B** (the 2021B Subordinate Bonds, and together with the Senior Bonds, the 2021 Bonds).

**Proceeds of the 2021 Bonds**

The District issued the 2021 Bonds on July 15, 2021, in the par amounts of \$29,245,000 for the 2021A Senior Bonds and \$27,709,000 for the 2021B Subordinate Bonds. Net proceeds from the sale of the 2021A Senior Bonds were used to: (i) purchase and cancel a portion of the accreted value of the District's outstanding 2007 Senior Bonds (discussed below); (ii) refund the 2007 Subordinate Obligations which were satisfied in full pursuant to the Waiver and Release of Obligations that the District entered into in 2021 concurrent with the issuance of the 2021 Bonds; (iii) fund an initial deposit to the 2021A Surplus Fund; and (iv) pay certain costs in connection with the issuance of the 2021 Bonds. The 2021B Subordinate Bonds were issued in exchange for the purchase and cancellation of a portion of the accreted value of the 2007 Senior Bonds.

**2007 Senior Bonds Outstanding**

Upon closing on the 2021 Bonds on July 15, 2021, 4,847.51 Bond Units of the 2007 Senior Bonds remained outstanding. At closing, the District deposited to the Bond Redemption Fund an amount sufficient to pay the accreted value as of December 1, 2021, of an additional 1,158.94 Bond Units that were subject to sinking fund redemption from December 1, 2018 through December 1, 2020. As a result, after this payment on December 1, 2021, 3,688.57 Bond Units of the 2007 Senior Bonds were outstanding.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5    LONG-TERM OBLIGATIONS (CONTINUED)**

**2007 Senior Bonds Outstanding (Continued)**

To the extent principal of any 2007 Senior Bond is not paid when due, principal shall remain outstanding until paid. To the extent interest on any 2007 Senior Bond is not paid when due, such unpaid interest shall compound annually on each December 1, at the rate then borne by the 2007 Senior Bond. The 2007 Senior Bonds are not subject to early termination. The 2007 Senior Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the 2007 Senior Bonds. Events of default occur if the District fails to impose the 2007 Senior Required Mill Levy, or to apply the 2007 Senior Pledged Revenues as required by the 2007 Senior Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture.

**Parity Lien**

The 2021A Senior Bonds have a parity lien on Senior Pledged Revenue with the 2007 Senior Bonds and, if Senior Pledged Revenue is not sufficient to meet annual debt service requirements of the 2021A Senior Bonds and 2007 Senior Bonds, Senior Pledged Revenues will be allocated pro-rata based on the outstanding principal/accreted value of the 2021A Senior Bonds, the 2007 Senior Bonds, and any additional bonds that have a parity lien on Senior Pledged Revenue.

The 2021A Senior Bonds and outstanding 2007 Senior Bonds are collectively referred to herein as the Senior Bonds.

**Details of the 2021A Senior Bonds**

The 2021A Senior Bonds will bear interest at 4.125% and are payable semiannually, to the extent of available Senior Pledged Revenue, on June 1 and December 1, beginning on December 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2038. The 2021A Senior Bonds mature on December 1, 2051. To the extent principal of any 2021A Senior Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate borne by the 2021A Senior Bond. To the extent interest on any 2021A Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the 2021A Senior Bond.

The 2021A Senior Bonds are not subject to early termination. The 2021A Senior Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the 2021A Senior Bonds. Events of default occur if the District fails to impose the 2021A Senior Bond Required Mill Levy, or to apply the 2021A Senior Bond Pledged Revenues as required by the 2021A Senior Bond Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture.

**Senior Bonds Pledged Revenue**

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue which means the moneys derived by the District from the following sources, net of any costs of collection: (a) the Senior Required Mill Levy; (b) the Capital Fees; (c) the Specific Ownership Tax; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Senior Bond Fund.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Senior Bonds Pledged Revenue (Continued)**

Capital Fees means, generally, all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) whether now in effect or imposed by the District in the future, including the Development Fees.

Specific Ownership Tax means the specific ownership taxes collected by the County as a result of imposition of the Senior Required Mill Levy and remitted to the District.

The District has covenanted to impose the Senior Required Mill Levy which is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount of 50 mills, subject to adjustment for changes in the method of calculating assessed valuation after April 27, 2004.

**Additional Security for the 2021A Senior Bonds**

The 2021A Senior Bonds are additionally secured by amounts, if any, in the 2021A Surplus Fund. The 2021A Surplus Fund will initially be funded from proceeds of the 2021A Senior Bonds in the amount of the 2021A Maximum Surplus Amount of \$500,000. Thereafter, subject to the receipt of sufficient Senior Pledged Revenue, the 2021A Surplus Fund will be funded up to the 2021A Maximum Surplus Amount. Amounts on deposit in the 2021A Surplus Fund (if any) on the final maturity date of the 2021A Senior Bonds are to be applied to the payment of the 2021A Senior Bonds. The balance in the 2021A Surplus Fund as of December 31, 2025, is \$500,000.

**Additional Security for the 2007 Senior Bonds**

The 2007 Senior Bonds are additionally secured by amounts, if any, in the 2007 Surplus Fund. Subject to the receipt of sufficient Senior Pledged Revenue, the 2007 Surplus Fund is to be funded up to the 2007 Maximum Surplus Amount of \$500,000; provided, however, such amount may be reduced when any 2007 Senior Bonds are purchased and cancelled by the District by an amount equal to: \$500,000 multiplied by (i) the number of 2007 Senior Bond Units (as defined in the 2007 Indenture) being purchased and cancelled by the District, divided by (ii) the number of 2007 Senior Bond Units outstanding prior to such purchase and cancellation. Before the closing date of the 2021 Bonds, 35,841.68 Bond Units of the 2007 Bonds were outstanding. After the purchase/exchange and cancellation of 30,994.17 Bonds Units on the closing date of the 2021 Bonds, 4,847.51 Bond Units were outstanding resulting in a new Maximum Surplus Amount of \$67,624. As mentioned above, the Maximum Surplus Amount will continue to decrease as Senior Bond Units are purchased and cancelled. The balance in the 2007 Surplus Fund as of December 31, 2025, is \$71,052.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Optional Redemption of the 2021 Bonds**

The 2021A Senior Bonds and 2021B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2029 and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest thereon to the date of redemption, together with a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

| <u>Date of Redemption</u>              | <u>Redemption Premium</u> |
|----------------------------------------|---------------------------|
| December 1, 2029, to November 30, 2030 | 2.00%                     |
| December 1, 2030, to November 30, 2031 | 1.00                      |
| December 1, 2031, and Thereafter       | 0.00                      |

The Districts long-term obligations relating to the 2021A Senior Bonds will mature as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|---------------------------------|----------------------|----------------------|----------------------|
| 2026                            | \$ -                 | \$ 1,206,356         | \$ 1,206,356         |
| 2027                            | -                    | 1,206,356            | 1,206,356            |
| 2028                            | -                    | 1,206,356            | 1,206,356            |
| 2029                            | -                    | 1,206,356            | 1,206,356            |
| 2030                            | -                    | 1,206,356            | 1,206,356            |
| 2031-2035                       | -                    | 6,031,780            | 6,031,780            |
| 2036-2040                       | 3,315,000            | 5,924,118            | 9,239,118            |
| 2041-2045                       | 8,900,000            | 4,675,482            | 13,575,482           |
| 2046-2050                       | 13,300,000           | 2,496,864            | 15,796,864           |
| 2051                            | 3,730,000            | 153,863              | 3,883,863            |
| Total                           | <u>\$ 29,245,000</u> | <u>\$ 25,313,887</u> | <u>\$ 54,558,887</u> |

Because of the uncertainty of the timing of the principal and interest on the Series 2021B Subordinate Bonds, no schedule of principal and interest is presented.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Details of the 2021B Subordinate Bonds**

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

After the application on December 1, 2061, of all available Subordinate Pledged Revenue to the repayment of the 2021B Subordinate Bonds, all of the 2021B Subordinate Bonds and interest thereon are to be deemed to be discharged on December 2, 2061, regardless of the amount of principal and interest paid prior to that date.

The 2021B Subordinate Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the 2021B Subordinate Bonds. Events of default occur if the District fails to impose the 2021B Subordinate Required Mill Levy, or to apply the 2021B Subordinate Bond Pledged Revenues as required by the 2021B Subordinate Bond Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture.

**2021B Subordinate Bonds Pledged Revenue**

The 2021B Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which means the moneys derived by the District from the following sources, net of any costs of collection: (a) the Subordinate Required Mill Levy; (b) the Subordinate Capital Fee Revenue, if any; (c) the Subordinate Specific Ownership Tax; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Subordinate Capital Fee Revenue means the revenue, if any, derived from the imposition of Capital Fees which remains after deduction of all amounts applied to the payment of the 2007 Senior Bonds, the 2021A Senior Bonds, and any other outstanding Parity Bonds.

Subordinate Specific Ownership Tax means the revenue, if any, derived from the Specific Ownership Tax which remains after deduction of all amounts applied to the payment of the 2007 Senior Bonds, the 2021A Senior Bonds, and any other outstanding Parity Bonds.

The District is required to impose a Subordinate Required Mill Levy in the amount of 50 mills, subject to adjustment for changes in the method of calculating assessed valuation after April 27, 2004, less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will pay all of the principal of and interest on the 2021B Subordinate Bonds in full. Senior Bond Mill Levy means the mill levy required to be imposed for the payment of the 2007 Senior Bonds and the 2021A Senior Bonds, and any other mill levy required to be imposed for payment of other Senior Bonds outstanding.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Debt Authorization**

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$60,000,000 (Service Plan Debt Issuance Limit). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Service Plan.

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$60,000,000 at an interest rate not to exceed 18% per annum. In addition, the electors authorized the refunding of up to \$60,000,000 in general obligation bonds at a higher interest rate. At December 31, 2025, the District had authorized but unissued indebtedness of \$35,760,000 and authorized but unused debt refunding of \$24,115,280.

Pursuant to the Service Plan, any additional debt issued by the District will require prior approval by the Town. Maximum debt service mill levy per the Service Plan is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2025, the maximum debt service mill levy per the Service Plan, as adjusted, is 62.947 mills.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**NOTE 6 NET POSITION**

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

Restricted net position includes assets 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, 2025, as follows:

|                               | Governmental<br>Activities |
|-------------------------------|----------------------------|
| Restricted Net Position:      |                            |
| Emergencies                   | \$ 24,200                  |
| Debt Service Reserve          | 565,135                    |
| Total Restricted Net Position | <u><u>\$ 589,335</u></u>   |

The District has a deficit in unrestricted net position. This deficit amount is the result of the District being responsible for the financing and repayment of bonds issued and for the repayment of Developer advances received for the construction of public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is M.D.C. Land Corporation. For a portion of the year ending 2025, two members of the board were current employees or otherwise associated with the Developer and may have conflicts of interest in dealing with the District. As of December 31, 2025, all members of the Board of Directors are residents of the District.

**NOTE 8 INTERGOVERNMENTAL AGREEMENTS**

**Fire Protection and Emergency Response Intergovernmental Agreement**

The District entered into a Fire Protection and Emergency Response IGA with the Town of Castle Rock in 2007 and approved an Amendment in 2024. Under the agreement, the Town is obligated to provide fire protection and emergency response services to property within the District and the District shall impose a mill levy dedicated and pledged to the Town for this purpose. In 2025, the amount collected under this agreement totaled \$575,456.

| <u>Tax Certification Year</u> | <u>Tax Collection Year</u> | <u>Fire IGA Mill Levy</u> |
|-------------------------------|----------------------------|---------------------------|
| 2007-2025                     | 2008-2026                  | 10.000                    |
| 2026                          | 2027                       | 9.000                     |
| 2027                          | 2028                       | 8.000                     |
| 2028                          | 2029                       | 7.000                     |
| 2029                          | 2030                       | 6.000                     |
| 2030 and thereafter           | 2031 and thereafter        | 5.000                     |

**NOTE 9 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 (the 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 any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability 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.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 10 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 which 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.

On May 4, 2004, a majority of the District's electors authorized the District to collect and spend \$4,000,000 annually of ad valorem taxes of the District for operations and maintenance without regard to any limitations under TABOR.

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.

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.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the State of Colorado.

Annual operating revenue is limited to a 5.25% increase (or 10.50% over a two-year period), such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

## **SUPPLEMENTARY INFORMATION**

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2025**

|                                   | Original<br>and Final<br>Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------------------|-------------------|---------------------------------------------------------|
| <b>REVENUES</b>                   |                                 |                   |                                                         |
| Property Taxes                    | \$ 3,724,446                    | \$ 3,725,824      | \$ 1,378                                                |
| Specific Ownership Taxes          | 358,035                         | 345,974           | (12,061)                                                |
| Interest Income                   | 25,000                          | 60,864            | 35,864                                                  |
| Total Revenues                    | 4,107,481                       | 4,132,662         | 25,181                                                  |
| <b>EXPENDITURES</b>               |                                 |                   |                                                         |
| County Treasurer's Fee            | 55,867                          | 55,916            | (49)                                                    |
| Paying Agent Fees                 | 5,330                           | 5,580             | (250)                                                   |
| Bond Interest - 2007              | 496,462                         | 496,399           | 63                                                      |
| Bond Interest - 2021A             | 1,206,356                       | 1,206,356         | -                                                       |
| Bond Interest - 2021B             | 2,490,000                       | 2,491,360         | (1,360)                                                 |
| Contingency                       | 81,985                          | -                 | 81,985                                                  |
| Total Expenditures                | 4,336,000                       | 4,255,611         | 80,389                                                  |
| <b>NET CHANGE IN FUND BALANCE</b> | (228,519)                       | (122,949)         | 105,570                                                 |
| Fund Balance - Beginning of Year  | 792,513                         | 802,845           | 10,332                                                  |
| <b>FUND BALANCE - END OF YEAR</b> | <u>\$ 563,994</u>               | <u>\$ 679,896</u> | <u>\$ 115,902</u>                                       |

## **OTHER INFORMATION**

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2025**

| Year Ended<br>December 31,                        | Assessed<br>Valuation | Total Mills Levied    |                 | Total Property Taxes |              | Percent<br>Collected<br>to Levied |
|---------------------------------------------------|-----------------------|-----------------------|-----------------|----------------------|--------------|-----------------------------------|
|                                                   |                       | General<br>Operations | Debt<br>Service | Levied               | Collected    |                                   |
| 2020/2021                                         | \$ 38,477,700         | 21.132                | 55.664          | \$ 2,954,934         | \$ 2,954,937 | 100.00 %                          |
| 2021/2022                                         | 43,219,670            | 15.000                | 55.664          | 3,054,075            | 3,054,078    | 100.00 %                          |
| 2022/2023                                         | 43,831,150            | 15.000                | 57.095          | 3,160,008            | 3,158,537    | 99.95 %                           |
| 2023/2024                                         | 57,894,600            | 13.200                | 63.786          | 4,457,074            | 4,456,526    | 99.99 %                           |
| 2024/2025                                         | 58,370,490            | 13.200                | 63.807          | 4,494,937            | 4,496,600    | 100.04 %                          |
| Estimated for<br>Year Ending<br>December 31, 2026 | \$ 58,885,660         | 12.339                | 62.947          | \$ 4,433,266         |              |                                   |

**Note:**

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

Source: Douglas County Assessor and Treasurer.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2025**

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

| <u>Year Ending December 31,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|---------------------------------|----------------------|----------------------|----------------------|
| 2026                            | \$ -                 | \$ 1,206,356         | \$ 1,206,356         |
| 2027                            | -                    | 1,206,356            | 1,206,356            |
| 2028                            | -                    | 1,206,356            | 1,206,356            |
| 2029                            | -                    | 1,206,356            | 1,206,356            |
| 2030                            | -                    | 1,206,356            | 1,206,356            |
| 2031                            | -                    | 1,206,356            | 1,206,356            |
| 2032                            | -                    | 1,206,356            | 1,206,356            |
| 2033                            | -                    | 1,206,356            | 1,206,356            |
| 2034                            | -                    | 1,206,356            | 1,206,356            |
| 2035                            | -                    | 1,206,356            | 1,206,356            |
| 2036                            | -                    | 1,206,356            | 1,206,356            |
| 2037                            | -                    | 1,206,356            | 1,206,356            |
| 2038                            | 700,000              | 1,206,356            | 1,906,356            |
| 2039                            | 1,210,000            | 1,177,481            | 2,387,481            |
| 2040                            | 1,405,000            | 1,127,569            | 2,532,569            |
| 2041                            | 1,460,000            | 1,069,613            | 2,529,613            |
| 2042                            | 1,670,000            | 1,009,388            | 2,679,388            |
| 2043                            | 1,740,000            | 940,500              | 2,680,500            |
| 2044                            | 1,975,000            | 868,725              | 2,843,725            |
| 2045                            | 2,055,000            | 787,256              | 2,842,256            |
| 2046                            | 2,310,000            | 702,488              | 3,012,488            |
| 2047                            | 2,405,000            | 607,200              | 3,012,200            |
| 2048                            | 2,685,000            | 507,994              | 3,192,994            |
| 2049                            | 2,795,000            | 397,238              | 3,192,238            |
| 2050                            | 3,105,000            | 281,944              | 3,386,944            |
| 2051                            | 3,730,000            | 153,863              | 3,883,863            |
| Total                           | <u>\$ 29,245,000</u> | <u>\$ 25,313,887</u> | <u>\$ 54,558,887</u> |

## **ANNUAL DISCLOSURE**

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
ANNUAL DISCLOSURE  
ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT  
DECEMBER 31, 2025**

| <u>Property Class</u> | <u>Total<br/>Assessed<br/>Valuation</u> | <u>Percentage<br/>of Taxpayer /<br/>Assessed<br/>Valuation</u> | <u>Actual<br/>Valuation</u>  | <u>Percentage<br/>of Actual<br/>Valuation</u> |
|-----------------------|-----------------------------------------|----------------------------------------------------------------|------------------------------|-----------------------------------------------|
| Residential           | \$ 54,563,170                           | 92.66%                                                         | \$ 873,010,385               | 98.20%                                        |
| Vacant                | 3,515,390                               | 5.97%                                                          | 13,019,865                   | 1.46%                                         |
| State Assessed        | <u>807,100</u>                          | <u>1.37%</u>                                                   | <u>2,980,760</u>             | <u>0.34%</u>                                  |
| Total                 | <u><u>\$ 58,885,660</u></u>             | <u><u>100%</u></u>                                             | <u><u>\$ 889,011,010</u></u> | <u><u>100%</u></u>                            |