CASTLEVIEW METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Castleview Metropolitan District No. 1

Douglas County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Castleview Metropolitan District No. 1 (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 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 (GAAS). 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.

Other Matters

Required Supplemental 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 the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of legal compliance and 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Castle Pines, Colorado
August 10, 2026

CASTLEVIEW METROPOLITAN DISTRICT NO. 1

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2025

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and cash equivalents	$ 1,454,255	$ -	$ -	$ 1,454,255	$ -	$ 1,454,255
Cash and cash equivalents - restricted	2,190	3,179	18,208,673	18,214,042	-	18,214,042
Taxes due from County	2	9	-	11	-	11
Prepaid expenses	2,771	-	-	2,771	-	2,771
Property taxes receivable	352	2,051	-	2,403	-	2,403
Capital assets not being depreciated	-	-	-	-	4,717,441	4,717,441
Total Assets	$ 1,459,570	$ 5,239	$ 18,208,673	$ 19,673,482	4,717,441	24,390,923
LIABILITIES						
Accounts payable	$ 1,468,977	$ -	$ 1,138,136	$ 2,607,113	-	2,607,113
Accrued interest on bonds	-	-	-	-	4,321,613	4,321,613
Long-term liabilities:						
Due in more than one year	-	-	-	-	19,134,849	19,134,849
Total Liabilities	1,468,977	-	1,138,136	2,607,113	23,456,462	26,063,575
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	352	2,051	-	2,403	-	2,403
Total Deferred Inflows of Resources	352	2,051	-	2,403	-	2,403
FUND BALANCES/NET POSITION						
Fund balances:						
Nonspendable:						
Prepaids	2,771	-	-	2,771	(2,771)	-
Restricted:						
Emergencies	2,190	-	-	2,190	(2,190)	-
Debt service	-	3,188	-	3,188	(3,188)	-
Capital Projects	-	-	17,070,537	17,070,537	(17,070,537)	-
Unassigned	(14,720)	-	-	(14,720)	14,720	-
Total Fund Balances	(9,759)	3,188	17,070,537	17,063,966	(17,063,966)	-
Total Liabilities and Fund Balances	$ 1,459,570	$ 5,239	$ 18,208,673	$ 19,673,482		
Net Position:						
Restricted for:						
Emergencies					2,190	2,190
Debt service					3,188	3,188
Capital projects					17,070,537	17,070,537
Unrestricted					(18,750,970)	(18,750,970)
Total Net Position					$ (1,675,055)	$ (1,675,055)

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

CASTLEVIEW METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Activities
EXPENDITURES						
Operating:						
Accounting	$ 13,018	$ -	$ -	$ 13,018	$ -	$ 13,018
Audit	5,000	-	-	5,000	-	5,000
Insurance	3,529	-	-	3,529	-	3,529
Election	7,191	-	-	7,191	-	7,191
Legal	59,689	-	66,555	126,244	(66,555)	59,689
Website setup and maintenance	1,429	-	-	1,429	-	1,429
Miscellaneous	100	-	-	100	-	100
Capital outlay	-	-	4,650,886	4,650,886	(4,650,886)	-
Bond interest	-	-	-	-	1,105,172	1,105,172
Developer advance interest	-	-	-	-	14,506	14,506
Treasurer's fees	4	23	-	27	-	27
Total Expenditures	89,960	23	4,717,441	4,807,424	(3,597,763)	1,209,661
GENERAL REVENUES						
Property taxes	261	1,511	-	1,772	-	1,772
Specific ownership taxes	20	116	-	136	-	136
Interest income	848	-	843,169	844,017	-	844,017
Total General Revenues	1,129	1,627	843,169	845,925	-	845,925
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(88,831)	1,604	(3,874,272)	(3,961,499)	3,597,763	(363,736)
OTHER FINANCING SOURCES (USES)						
Developer advances	45,000	-	-	45,000	(45,000)	-
City Contributions	-	-	495,945	495,945	-	495,945
Total Other Financing Sources (Uses)	45,000	-	495,945	540,945	(45,000)	495,945
NET CHANGES IN FUND BALANCES	(43,831)	1,604	(3,378,327)	(3,420,554)	3,420,554	
CHANGES IN NET POSITION					132,209	132,209
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR	34,072	1,584	20,448,864	20,484,520	(22,291,784)	(1,807,264)
END OF YEAR	$ (9,759)	$ 3,188	$ 17,070,537	$ 17,063,966	$ (18,739,021)	$ (1,675,055)

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

CASTLEVIEW METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 261	$ 261	$ -
Specific ownership taxes	26	20	(6)
Interest income	2,500	848	(1,652)
Total Revenues	2,787	1,129	(1,658)
EXPENDITURES			
Accounting	13,000	13,018	(18)
Audit	5,000	5,000	-
Insurance	4,000	3,529	471
Election	5,000	7,191	(2,191)
Legal	28,000	59,689	(31,689)
Website setup and maintenance	2,000	1,429	571
Miscellaneous	2,000	100	1,900
Treasurer's fees	4	4	-
Contingency	4,053	-	4,053
Emergency reserve	1,770	-	1,770
Total Expenditures	64,827	89,960	(25,133)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(62,040)	(88,831)	(26,791)
OTHER FINANCING SOURCES (USES)			
Developer advances	45,000	45,000	-
Transfer (to)/from other funds	(12,406)	-	12,406
Total Other Financing Sources	32,594	45,000	12,406
NET CHANGE IN FUND BALANCE	(29,446)	(43,831)	(14,385)
FUND BALANCE:			
BEGINNING OF YEAR	29,446	34,072	4,626
END OF YEAR	$ -	$ (9,759)	$ (9,759)

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Castleview Metropolitan District No. 1, located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

Castleview Metropolitan District No. 1 (the "District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on March 23, 2007 as the Castleview Metropolitan District, pursuant to a Service Plan approved by the Town of Castle Rock, Douglas County, Colorado (the "Town") on July 11, 2006. The District is governed by its Service Plan and the applicable provisions of the Colorado Special District Act (Title 32). On September 26, 2018, the Douglas County District Court entered an order officially changing the name of the District to the Castleview Metropolitan District No. 1. The District's Service Plan was later replaced and superseded by the Consolidated Amended and Restated Service Plan for the Castleview Metropolitan District No. 1 and Service Plan for the Castleview Metropolitan District No. 2, which was approved by the Town on August 21, 2018. The District's boundaries are located in the Town of Castle Rock, Douglas County, Colorado. The District was established to provide for the planning, design, acquisition, construction, installation, relocation, development and financing of the public improvements from the proceeds of debt to be issued by the District. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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.*

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District’s financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District’s cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at net asset value.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report 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(s) 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. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $2,190 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $3,188 is restricted for the payment of the debt service costs (see Note 3).

The restricted fund balance in the Capital Projects Fund in the amount of $17,070,537 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance
The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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
Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance
Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

Net Position
Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position 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. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

Note 2: Cash and Investments

As of December 31, 2025, cash and investments is classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 1,454,255
Cash and investments - restricted	18,214,042
Total	$ 19,668,297

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

Deposits with financial institutions	$ 1,458,552
Investments - COLOTRUST	18,209,745
	$ 19,668,297

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Credit Risk
The District has elected to follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk
None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk
Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation
Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

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

COLOTRUST
As of December 31, 2025, the District invested in the Colorado Local Governmental Liquid Asset Trust ("COLOTRUST"), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value ("NAV") of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAm by Standard & Poor's. At December 31, 2025, the District had $18,209,745 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

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

Governmental Type Activities:	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated:				
Construction in progress	$ -	$ 4,717,441	$ -	$ 4,717,441

Note 4: Long-Term Debt

The following is an analysis of changes in long-term debt for the year ending December 31, 2025:

	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Current Portion
General Obligation Bonds:					
Series 2021A(3) Limited Tax General Obligation Bonds	$ 18,887,000	$ -	$ -	$ 18,887,000	$ -
	18,887,000	-	-	18,887,000	-
Other:					
Developer advances	164,400	45,000	-	209,400	-
Accrued interest	23,943	14,506	-	38,449	-
	188,343	59,506	-	247,849	-
	$ 19,075,343	$ 59,506	$ -	$ 19,134,849	$ -

A description of the long-term obligations as of December 31, 2025, is as follows:

$18,887,000 Limited Tax General Obligation Bonds, Series 2021A(3)
On October 12, 2021, the District issued $18,887,000 Limited Tax General Obligation Bonds, Series 2021A(3). The bonds, maturing December 1, 2050, bear an interest rate of 5.00% per annum, calculated on a basis of a 360 day year of twelve 30-day months, payable from available cash flows.

The 2021A(3) bonds are subject to redemption, prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity and in whole or partial maturities, on December 1, 2026 and on any date thereafter, upon payment of par plus accrued interest to the date of redemption, with a redemption premium as follows:

Date of Redemption	Redemption Premium
December 1, 2026 through November 30, 2027	3.00%
December 1, 2027 through November 30, 2028	2.00%
December 1, 2028 through November 30, 2029	1.00%
December 1, 2029 through November 30, 2030	0.00%

Further, the 2020A(3) bonds are subject to mandatory redemption, from amounts on deposit from the bond fund that exceed required interest payments, beginning December 1, 2022, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, with redemption premium.

Events of default for the Series 2021A(3) bonds include: (i) failure by the District to impose the required mill levy or to apply the pledged revenue as required by the indenture; (ii) default by the District in the performance of any other of the covenants, agreements, or conditions in the indenture and failure by the District to remedy; or (iii) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2021A(3) bonds.

Because of the uncertainty of timing of payments under the Series 2021A(3) Bonds, no related schedule of expected principal and interest payments is presented.

Debt Authorization

Per the District's Service Plan and the Town of Castle Rock Intergovernmental Agreement, entered into on August 21st, 2018, the total debt limit for the District and the Castleview Metropolitan District No. 2 ("District No. 2," with the District, the "Districts"), combined, is restricted to $45,000,000 (the "Service Plan Debt Limit"). The District has voter authorization to issue bonds to the Service Plan Debt Limit. As of December 31, 2025, the Districts have $21,778,000 in authorized but unissued indebtedness remaining under the Service Plan Debt Limit. The District has not budgeted to issue any new debt during 2026. The District Service Plan provides the District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds thirty-five (35) years after the year of the initial imposition of such Debt mill levy unless a majority of the Board of the District imposing the mill levy are residents of such District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Sections 11-56-101, et seq., C.R.S., as may be amended from time to time.

Note 5: Agreements

Infrastructure Acquisition and Reimbursement Agreement with HB ALP Family, LLLP
The District entered into that certain Infrastructure Acquisition and Reimbursement Agreement with HB ALP Family, LLLP (the "Developer") dated September 28, 2021. This Agreement provides a means by which the District may reimburse the Developer for the Certified District Eligible Costs financed and constructed by the Developer. The Developer is to provide for the advancement of certain monies to the District for capital improvement costs and operation and maintenance costs. The District agrees to repay the Developer, along with accrued interest, at a rate of 6.5% simple interest. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of Certified District Eligible Costs or on September 28, 2031. As of December 31, 2025, no advances had been submitted to the District for acceptance.

Infrastructure Acquisition and Reimbursement Agreement with Castleview Development, Inc.
The District entered into that certain Infrastructure Acquisition and Reimbursement Agreement with Castleview Development, Inc. (the "Developer") dated September 28, 2021. This Agreement provides a means by which the District may reimburse the Developer for the Certified District Eligible Costs financed and constructed by the Developer. The Developer is to provide for the advance of certain monies to the District for Capital improvement costs and operation and maintenance costs. The District agrees to repay the Developer, along with accrued interest, at a rate of 6.5% simple interest. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of Certified District Eligible Costs or on September 28, 2031. As of December 31, 2025, no documentation related to advances or improvements had been submitted to the District for acceptance.

Funding and Reimbursement Agreement (Operations and Maintenance) with HB ALP Family, LLLP
The District entered into that certain Funding and Reimbursement Agreement (Operations and Maintenance) with HB ALP Family, LLLP (the "Developer"), dated September 28, 2021, as amended November 7, 2024. The Developer is to provide for the advancement of certain monies to the District for capital improvement costs and operation and maintenance costs. The Developer is to loan the District one or more sums, not to exceed an aggregate of $70,000 per annum for six (6) years, up to a total of $300,000 available to the District through December 31, 2026. The District agrees to repay the loans, along with accrued interest, at a rate of 6.5% interest, through ad valorem taxes, fees, and other legally available revenues. Reimbursement Obligations created under the terms of this Agreement shall have priority or preference over any portion of any Reimbursement Obligations created for Castleview Development, Inc. under the Funding and Reimbursement Agreement (Operations and Maintenance) dated September 28, 2021, between Castleview Development, Inc. and the District.

As of December 31, 2025, $209,400 of principal and $38,449 of related interest is payable under this agreement.

Additional contributions of $19,600 have been received from Castle 13 LLC. No agreement is in place for these contributions and the District has no obligation to reimburse these contributions.

Funding and Reimbursement Agreement (Operations and Maintenance) with Castleview Development, Inc.

The District entered into that certain Funding and Reimbursement Agreement (Operations and Maintenance) with Castleview Development, Inc. (the "Developer"), dated September 28, 2021. The Developer is to provide for the advancement of certain monies to the District for capital improvement costs and operation and maintenance costs. The Developer is to loan the District one or more sums, not to exceed an aggregate of $50,000 per annum for four (4) years, up to a total of $200,000 available to the District through December 31, 2025. The District agrees to repay the loans, along with accrued interest, at a rate of 6.5% interest, through ad valorem taxes, fees, and other legally available revenues.

Reimbursement Obligations created under the terms of this Agreement shall be subordinate in priority to any portion of any Reimbursement Obligations created for HB ALP Family, LLLP under the Funding and Reimbursement Agreement (Operations and Maintenance), dated September 28, 2021, between HB ALP Family LLC and the District.

As of December 31, 2025, $0 of principal and $0 of related interest is payable under this agreement.

Town of Castle Rock Intergovernmental Agreement

The Districts entered into that certain intergovernmental agreement (the "Town IGA") with the Town of Castle Rock, Colorado (the "Town") dated August 21st, 2018. The Town IGA describes the rights and responsibilities of the Districts regarding operation and ownership of public facilities, agreements relative to certain regional improvements and continued oversight by the Town. The Districts are to finance such activities through fees and levies imposed by the Districts. The mill levy of each of the Districts for debt is limited to 63.6 mills and total debt issued may not exceed $45,000,000 in the aggregate.

Town of Castle Rock Plum Creek Parkway Reclamation Project Intergovernmental Agreement

The District entered into that certain Intergovernmental Agreement Between the Town of Castle Rock and Castleview Metropolitan District No. 1, Regarding Financial Contribution and Project Management For the Plum Creek Parkway Full Depth Reclamation Project dated August 19, 2025 (the "Plum Creek Agreement"). Pursuant to the Plum Creek Agreement, the District and the Town agreed to coordinate construction of certain sewer improvements. The District agreed to construction certain improvements on the Town's behalf and the Town agreed to reimburse the District for an amount not to exceed $650,000. Such improvements have such been completed and the District has been reimbursed for such work.

Note 6: Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. District management believes that all potential conflicts, if any, have been properly disclosed.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

Note 8: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

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.

On November 6, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

On November 20, 2025, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all levies taxes and fee of the District without regarding to any limitations under Section 29-1-1704, Colorado Revised Statutes as established in Section 29-1-1702, Colorado Revised Statutes.

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and

2) long-term liabilities such as bonds and developer advances payable and accrued interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;

2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;

3) governmental funds report developer advances and/or bond proceeds as revenue; and,

4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

CASTLEVIEW METROPOLITAN DISTRICT NO. 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 1,511	$ 1,511	$ -
Specific ownership taxes	106	116	10
Total Revenues	1,617	1,627	10
EXPENDITURES			
Treasurer's fees	23	23	-
Trustee/paying agent fees	4,000	-	4,000
Contingency	10,000	-	10,000
Total Expenditures	14,023	23	14,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,406)	1,604	14,010
OTHER FINANCING SOURCES (USES)			
Transfer (to)/from other funds	12,406	-	(12,406)
Total Other Financing Sources (Uses)	12,406	-	(12,406)
NET CHANGE IN FUND BALANCE	-	1,604	1,604
FUND BALANCE:			
BEGINNING OF YEAR	-	1,584	1,584
END OF YEAR	$ -	$ 3,188	$ 3,188

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

CASTLEVIEW METROPOLITAN DISTRICT NO. 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
City Contributions	$ -	$ 495,945	$ 495,945
Interest income	500,000	843,169	343,169
Total Revenues	500,000	1,339,114	839,114
EXPENDITURES			
Legal	10,000	66,555	(56,555)
Accounting	2,000	-	2,000
Capital outlay	19,500,000	4,650,886	14,849,114
Total Expenditures	19,512,000	4,717,441	14,794,559
NET CHANGE IN FUND BALANCE	(19,012,000)	(3,378,327)	15,633,673
FUND BALANCE:			
BEGINNING OF YEAR	19,697,432	20,448,864	751,432
END OF YEAR	$ 685,432	$ 17,070,537	$ 16,385,105

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

CASTLEVIEW METROPOLITAN DISTRICT NO. 1

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Tax		Percent Collected to Levied
		General	Debt Service	Total	Levied	Collected	
2019	$ 6,390	74.600		74.600	$ 477	$ 477	100.06%
2020	$ 7,140	74.600		74.600	$ 533	$ 585	109.83%
2021	$ 7,840	74.600		74.600	$ 585	$ 585	100.02%
2022	$ 15,170	11.076	64.044	75.120	$ 1,140	$ 1,140	100.04%
2023	$ 13,150	11.437	66.133	77.570	$ 1,020	$ 1,020	100.00%
2024	$ 21,870	11.789	68.172	79.961	$ 1,749	$ 1,754	100.30%
2025	$ 22,170	11.789	68.172	79.961	$ 1,772	$ 1,772	100.01%
Estimated for year ending December 31, 2026	$ 29,960	11.743	68.446	80.189	$ 2,403		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.