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Denver CO 80202
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September 1, 2025

Douglas County Clerk & Recorder
301 Wilcox Street
Castle Rock, CO 80104

Division of Local Government
Department of Local Affairs
1313 Sherman Street, Room 521
Denver, CO 80203

Office of the State Auditor
Local Government Audit Division
1525 Sherman Street, 7th Floor
Denver, CO 80203

Office of the Town Clerk
Town of Castle Rock
100 N. Wilcox Street
Castle Rock, CO 80104

RE: 2024 Annual Reports

To Whom It May Concern:

Enclosed for your records is the annual report for 2024 for the captioned district below.
(Note - this report is subject to amendment) Please contact me with any questions or concerns.
Thank you.

Hillside at Castle Rock Metropolitan District

MILLER LAW PLLC

Sonja Steele

Sonja Steele
Paralegal

Enclosures

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

COUNTY OF DOUGLAS, STATE OF COLORADO

ANNUAL REPORT FOR FISCAL YEAR 2024

Pursuant to the Service Plan for the Hillside At Castle Rock Metropolitan District (the “District”), the District is required to provide an annual report to the County of Douglas (the “County”) with regard to the following matters:

- a. A narrative summary of the progress of the District in implementing its Service Plan for the reporting year;
- b. Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements for the District for the report year including a statement of financial condition (i.e., balance sheet) as of December 31 of the report year and a statement of operations (i.e., revenues and expenditures) for the report year. However, if an exemption from audit has been granted for the report year by the Office of the State Auditor, then the District shall include a copy of the submitted application for exemption from audit.
- c. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year;
- d. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the District in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and the current mill levy of the District pledged to debt retirement in the report year;
- e. The District's budget for the calendar year following the report year;
- f. A summary of the commercial and/or residential development which has occurred within the District for the report year;
- g. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year;

- h. Certification of the Board that no action, event, or condition enumerated in Section 11.02.060 of the Town of Castle Rock Municipal Code has occurred in the report year.
- i. The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place, and time of the regular meetings of the Board; and

For the year ending December 31, 2024, the District makes the following report:

- a. A narrative summary of the progress of the District in implementing its Service Plan for the reporting year;

No progress was made in implementing the service plan in the report year.

- b. Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements for the District for the report year including a statement of financial condition (i.e., balance sheet) as of December 31 of the report year and a statement of operations (i.e., revenues and expenditures) for the report year. However, if an exemption from audit has been granted for the report year by the Office of the State Auditor, then the District shall include a copy of the submitted application for exemption from audit.

2024 Audit is attached as Exhibit A.

- c. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year;

There were no capital expenditures incurred by the District during the report year, and at this time there are no capital improvement projects proposed for the next five years.

- d. Unless disclosed within a separate schedule to the financial statement, a summary of the financial obligations of the District at the end of the report year, including:
 - i. The amount of outstanding indebtedness

The total authorized debt for the District is \$6,015,230. The District previously issued its General Obligation Bonds, Series 2022A Senior Bonds in the aggregate principal amount of \$5,070,000, and its General Obligation Bonds, Series 2022B in the aggregate

principal amount of \$1,079,000 (collectively, the “Prior Bonds”). In 2022 the District entered into a loan agreement with UMB Bank to obtain a loan in the amount of \$8,425,000 to refund, together with other available moneys of the District, the Prior Bonds and to fund the costs of the District’s improvement project.

ii. The amount and terms of any new District indebtedness or long-term obligations issued in the report year

The District issued no new debt in the report year.

iii. The amount of payment of retirement of existing indebtedness of the District in the report year

The District retired no debt in the report year.

iv. The total assessed valuation of all taxable properties within the District as of January 1 of the report year

\$2,218,250.00

v. The current mill levy of the District pledged to debt retirement in the report year

The District imposed 71.283 mills for debt service for collection in the report year.

e. The District's budget for the calendar year following the report year;

The budget resolution for the report year is attached hereto as Exhibit B.

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

There was no commercial and/or residential development of the District in the report year, construction is not expected to start before first quarter 2024.

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

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

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

No activity, event or condition enumerated in Section 11.02.060 of the Town of Castle Rock Municipal Code occurred in the report year.

i. The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place, and time of the regular meetings of the Board; and

President Aaron Foy
c/o Miller Law pllc
1555 California Street No. 505
Denver, CO 80202
303-285-5320

Secretary/
Treasurer Maria Tom
c/o Miller Law pllc
1555 California Street No. 505
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Assistant
Secretary Doug Erpelding
c/o Miller Law pllc
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Assistant
Secretary Vacant
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Assistant
Secretary Vacant
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General
Counsel Dianne Miller
Miller Law pllc
1555 California Street No. 505
Denver, CO 80202

The District meets on second Tuesday of May and November at 9:00 A.M. at by video conference or telephone conference, the notice of which shall include the method or procedure, including the conference number, link, passcode, or other necessary information to allow member of the public to attend.,.

The District hereby certifies that the information provided herein is true and accurate and, as of the date hereof and except as otherwise expressly stated herein, the District is in full compliance with the District's Service Plan.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Exhibit A
Hillside at Castle Rock Metropolitan District
2024 Audit

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Hillside at Castle Rock Metropolitan District

Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Hillside at Castle Rock Metropolitan District (the "District") as of and for the year ended December 31, 2024, 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, 2024, 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.

The continuing disclosure annual financial information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is stylized and includes a horizontal line underneath.

Castle Pines, Colorado
June 6, 2025

Hillside at Castle Rock Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
ASSETS						
Cash and investments - restricted	\$ -	\$ 734,370	\$ -	\$ 734,370	\$ -	\$ 734,370
Receivable - County Treasurer	112	671	-	783	-	783
Property taxes receivable	26,353	131,771	-	158,124	-	158,124
Developer receivable	7,521	7,917	-	15,438	(15,438)	-
Capital assets not being depreciated	-	-	-	-	5,090,564	5,090,564
Total Assets	<u>33,986</u>	<u>874,729</u>	<u>-</u>	<u>908,715</u>	<u>5,075,126</u>	<u>5,983,841</u>
LIABILITIES						
Accounts payable	\$ 7,633	\$ -	\$ -	\$ 7,633	-	7,633
Accrued interest	-	-	-	-	261,411	261,411
Long-term liabilities:						
Due in more than one year	-	-	-	-	6,349,560	6,349,560
Total Liabilities	<u>7,633</u>	<u>-</u>	<u>-</u>	<u>7,633</u>	<u>6,610,971</u>	<u>6,618,604</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>26,353</u>	<u>131,771</u>	<u>-</u>	<u>158,124</u>	<u>-</u>	<u>158,124</u>
Total Deferred Inflows of Resources	<u>26,353</u>	<u>131,771</u>	<u>-</u>	<u>158,124</u>	<u>-</u>	<u>158,124</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	1,173	-	-	1,173	(1,173)	-
Debt service	-	742,958	-	742,958	(742,958)	-
Unassigned	<u>(1,173)</u>	<u>-</u>	<u>-</u>	<u>(1,173)</u>	<u>1,173</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>742,958</u>	<u>-</u>	<u>742,958</u>	<u>(742,958)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 33,986</u>	<u>\$ 874,729</u>	<u>\$ -</u>	<u>\$ 908,715</u>		
Net Position:						
Restricted for:						
Emergencies					1,173	1,173
Debt service					481,547	481,547
Unrestricted					<u>(1,275,607)</u>	<u>(1,275,607)</u>
Total Net Position					<u>\$ (792,887)</u>	<u>\$ (792,887)</u>

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

Hillside at Castle Rock Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES						
Accounting/audit	\$ 13,344	\$ -	\$ -	\$ 13,344	\$ -	\$ 13,344
Insurance	2,972	-	-	2,972	-	2,972
Legal	11,430	-	-	11,430	-	11,430
Miscellaneous expenses	10	-	-	10	-	10
Engineering	-	-	5,455	5,455	(5,455)	-
Capital improvements	-	-	1,686,288	1,686,288	(1,686,288)	-
Treasurer's fees	292	1,463	-	1,755	-	1,755
Bond interest expense	-	316,875	-	316,875	108,495	425,370
Trustee fees	-	7,000	-	7,000	-	7,000
Repay developer advances - principal	-	-	1,491,345	1,491,345	(1,491,345)	-
Developer advance interest	-	-	-	-	2,065	2,065
Total Expenditures	<u>28,048</u>	<u>325,338</u>	<u>3,183,088</u>	<u>3,536,474</u>	<u>(3,072,528)</u>	<u>463,946</u>
GENERAL REVENUES						
Property taxes	19,959	99,802	-	119,761	-	119,761
Specific ownership taxes	1,198	5,990	-	7,188	-	7,188
Interest income	-	39,308	66,989	106,297	-	106,297
Total General Revenues	<u>21,157</u>	<u>145,100</u>	<u>66,989</u>	<u>233,246</u>	<u>-</u>	<u>233,246</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,891)	(180,238)	(3,116,099)	(3,303,228)	3,072,528	(230,700)
OTHER FINANCING SOURCES (USES)						
Developer advances	<u>6,891</u>	<u>-</u>	<u>1,688,553</u>	<u>1,695,444</u>	<u>(1,695,444)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>6,891</u>	<u>-</u>	<u>1,688,553</u>	<u>1,695,444</u>	<u>(1,695,444)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	(180,238)	(1,427,546)	(1,607,784)	1,607,784	
CHANGE IN NET POSITION					(230,700)	(230,700)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	-	923,196	1,427,546	2,350,742	(2,912,929)	(562,187)
END OF YEAR	<u>\$ -</u>	<u>\$ 742,958</u>	<u>\$ -</u>	<u>\$ 742,958</u>	<u>\$ (1,535,845)</u>	<u>\$ (792,887)</u>

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

Hillside at Castle Rock Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 19,425	\$ 19,959	\$ 534
Specific ownership taxes	<u>1,554</u>	<u>1,198</u>	<u>(356)</u>
Total Revenues	<u>20,979</u>	<u>21,157</u>	<u>178</u>
EXPENDITURES			
Accounting/audit	12,750	13,344	(594)
Insurance	2,500	2,972	(472)
Legal	20,000	11,430	8,570
Miscellaneous expenses	-	10	(10)
Treasurer's fees	291	292	(1)
Contingency	14,729	-	14,729
Emergency reserve	<u>1,066</u>	<u>-</u>	<u>1,066</u>
Total Expenditures	<u>51,336</u>	<u>28,048</u>	<u>23,288</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,357)	(6,891)	23,466
OTHER FINANCING SOURCES (USES)			
Developer advances	<u>30,357</u>	<u>6,891</u>	<u>(23,466)</u>
Total Other Financing Sources (Uses)	<u>30,357</u>	<u>6,891</u>	<u>(23,466)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Hillside at Castle Rock Metropolitan District (“District”), 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

The District was organized on December 13, 2016, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District operates pursuant to a service plan approved by the Town of Castle Rock (the “Town”) on May 3, 2016 and as amended on July 17, 2018. (the “Service Plan”). The District was established to provide for the design, acquisition, construction, installation and operations and maintenance of a part or all of the public improvements for the use and benefit of the residents and property owners within the service area. 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.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and 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 State 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.

On November 24, 2024, the District amended its total appropriations in the Debt Service Fund from \$318,333 to \$323,333 due to the payment of paying agent fees that were not budgeted. On May 21, 2025, the District further amended its total appropriations in the Debt Service Fund from \$323,333 to \$327,000.

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, 2024, 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 short-term investments with maturities of three months or less from the date of acquisition are considered to be cash on hand. 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.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Estimates

The preparation of these financial statements in conformity with GAAP requires 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any 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 position 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. 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 estimated 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 fixed 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. No depreciation expense was recognized during 2024.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

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 \$1,173 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$745,939 is restricted for the payment of the debt service costs associated with the Series 2022A and Series 2022B Bonds (see Note 4).

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports 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. As of December 31, 2024, the District had no amount to report in this category.

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.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 2: Cash and Investments

As of December 31, 2024, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments - restricted	\$ <u>734,370</u>
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Cash and investments as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 163,774
COLOTRUST	<u>570,596</u>
	\$ <u>734,370</u>

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

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 for COLOTRUST is calculated using the net asset value method (NAV) per share.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Credit Risk

The District has not adopted a formal investment policy; however the District follows state statutes regarding 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.

As of December 31, 2024, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. 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. There are no unfunded commitments and there is no redemption notice period. At December 31, 2024, the District had \$570,596 invested in COLOTRUST, which was held in trust accounts with UMB Bank.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2024</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 3,398,821	\$ 1,691,743	\$ -	\$ 5,090,564
 Total capital assets not being depreciated	 3,398,821	 1,691,743	 -	 5,090,564
 Government type assets, net	 <u>\$ 3,398,821</u>	 <u>\$ 1,691,743</u>	 <u>\$ -</u>	 <u>\$ 5,090,564</u>

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2024, is as follows:

\$5,070,000 Limited Tax General Obligation Bonds, Series 2022A and \$1,079,000 Subordinate Limited Tax General Obligation Bonds, Series 2022B

On September 20, 2022, the District issued \$5,070,000 Limited Tax General Obligation Bonds, Series 2022A ("Series 2022A Bonds") and \$1,079,000 Subordinate Limited Tax General Obligation Bonds, Series 2022B ("Series 2022B Bonds") for the purpose of funding and reimbursing a portion of the costs of acquiring, constructing and installing certain public improvements, paying capitalized interest on the Series 2022A Bonds, funding the Series 2022A Reserve Fund, and paying the cost of issuance of the Series 2022A and Series 2022B Bonds. The Series 2022A Bonds bear interest at the rate of 6.25%, payable semiannually on each June 1 and December 1, commencing on December 1, 2022. The Series 2022B Bonds bear interest at the rate of 9.000%, payable annually on December 15, commencing on December 15, 2022, to the extent that Subordinate Pledged Revenue is available. The Series 2022A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2026 and 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, commencing on September 1, 2027, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2022B 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, commencing on September 1, 2027, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The Series 2022A Bonds are secured by the Senior Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, and any other legally available moneys as determined by the District. The Series 2022A Bonds are also secured by the Senior Reserve Fund, the capitalized interest, and the Surplus Fund which has not been funded. The Series 2022B Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy and any other legally available moneys as determined by the District. In the event that any amount of the Series 2022A and Series 2022B Bonds remains unpaid on September 15, 2052, the Series 2022A and Series 2022B Bonds and the lien on the Series 2022A and Series 2022B Bonds securing payment shall be deemed discharged. Upon such discharge the Series 2022A and Series 2022B Bonds owners will have no recourse to the District of any amount of principal and interest remaining unpaid.

Events of Default as defined in the Series 2022A Bond Indenture are 1) the failure of the District to impose the Senior Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2022A Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2022A Bonds is not an available remedy for an Event of Default.

Events of Default as defined in the Series 2022B Bond Indenture are 1) the failure of the District, to impose the Subordinate Required Mill levy, or to apply the Subordinate Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Subordinate Indenture or the Subordinate Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2022B Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2022B Bonds is not an available remedy for an Event of Default.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2022A Bonds.

	Principal	Interest	Total
2025	\$ -	\$ 316,875	\$ 316,875
2026	30,000	316,875	346,875
2027	75,000	315,000	390,000
2028	90,000	310,313	400,313
2029	95,000	304,688	399,688
2030-2034	650,000	1,419,688	2,069,688
2035-2039	990,000	1,176,875	2,166,875
2040-2044	1,480,000	810,313	2,290,313
2045-2047	1,660,000	240,938	1,900,938
	<u>\$ 5,070,000</u>	<u>\$5,211,564</u>	<u>\$ 10,281,564</u>

Because of the uncertainty of the timing of the principal and interest payment on the Series 2022B Bonds, no schedule of principal and interest payments is presented.

The following is an analysis of changes in long-term debt for the period ending December 31, 2024:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Current Portion
<u>General Obligation Bonds</u>					
Series 2022A Bonds	\$ 5,070,000	\$ -	\$ -	\$ 5,070,000	\$ -
Series 2022B Bonds	1,079,000	-	-	1,079,000	-
	<u>6,149,000</u>	<u>-</u>	<u>-</u>	<u>6,149,000</u>	<u>-</u>
<u>Other</u>					
Developer advance - operations	3,079	301	-	3,380	-
Developer advance interest - operations	172	233	-	405	-
Developer advance - capital	-	1,686,288	1,491,345	194,943	-
Developer advance interest - capital	-	1,832	-	1,832	-
	<u>-</u>	<u>1,832</u>	<u>-</u>	<u>1,832</u>	<u>-</u>
Total	3,251	1,688,654	1,491,345	200,560	-
Total	<u>\$ 6,152,251</u>	<u>\$ 1,688,654</u>	<u>\$1,491,345</u>	<u>\$ 6,349,560</u>	<u>\$ -</u>

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Debt Authorization

On November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed \$38,500,000. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$6,441,000. As of December 31, 2024, the District did not have any remaining authority under the Service Plan. The District has not budgeted to issue new debt during 2025.

Note 5: Other Agreements

Advance and Reimbursement Agreement for Operation and Maintenance Costs

The District and BLVD Hillside, LLC (the “Developer”) entered into an Advance and Reimbursement Agreement on November 5, 2021 (collectively, the “Operations Agreement”). Pursuant to the Operations Agreement, the Developer agrees to advance funds to the District for certain operation and maintenance expenses. The District agrees to repay these advances, together with accrued interest at the rate of 7% per annum. As of December 31, 2024, the principal amount of the reimbursement obligation under the Operations Agreement was \$3,380 along with accrued interest in the amount of \$405.

Infrastructure Acquisition Agreement

The District and the Developer entered into an Infrastructure Acquisition Agreement dated November 5, 2021. Pursuant to the Infrastructure Agreement, the Developer agrees to make advances to the District for the purpose of funding organization expenses, construction of public improvements and the acquisition of public improvements constructed by the Developer. The District agrees to repay these advances, together with accrued interest at a rate of 7% per annum. The Infrastructure Agreement is not a multiple fiscal year obligation. As of December 31, 2024, the principal amount of the reimbursement obligation under the Infrastructure Acquisition Agreement was \$194,943 along with accrued interest in the amount of \$1,832.

Note 6: Related Party

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. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 7: 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.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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 8, 2016, 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.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S., 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.

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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

The Government 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/developer advances payable and accrued interest on bonds/developer advances 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 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

Hillside at Castle Rock Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 97,128	\$ 97,128	\$ 99,802	\$ 2,674
Specific ownership taxes	7,770	7,770	5,990	(1,780)
Interest income	<u>-</u>	<u>43,700</u>	<u>39,308</u>	<u>(4,392)</u>
Total Revenues	<u>104,898</u>	<u>148,598</u>	<u>145,100</u>	<u>(3,498)</u>
EXPENDITURES				
Bond interest expense	316,876	316,876	316,875	1
Contingency	-	1,667	-	1,667
Trustee fees	-	7,000	7,000	-
Treasurer's fees	<u>1,457</u>	<u>1,457</u>	<u>1,463</u>	<u>(6)</u>
Total Expenditures	<u>318,333</u>	<u>327,000</u>	<u>325,338</u>	<u>1,662</u>
NET CHANGE IN FUND BALANCE	(213,435)	(178,402)	(180,238)	(1,836)
FUND BALANCE:				
BEGINNING OF YEAR	<u>931,536</u>	<u>923,196</u>	<u>923,196</u>	<u>-</u>
END OF YEAR	<u>\$ 718,101</u>	<u>\$ 744,794</u>	<u>\$ 742,958</u>	<u>\$ (1,836)</u>

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

Hillside at Castle Rock Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2024

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ -	\$ 66,989	\$ 66,989
Total Revenues	-	66,989	66,989
EXPENDITURES			
Repay developer advances - principal	-	1,491,345	(1,491,345)
Engineering	-	5,455	(5,455)
Capital improvements	<u>4,809,842</u>	<u>1,686,288</u>	<u>3,123,554</u>
Total Expenditures	<u>4,809,842</u>	<u>3,183,088</u>	<u>1,626,754</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,809,842)	(3,116,099)	1,693,743
OTHER FINANCING SOURCES (USES)			
Developer advances	-	<u>1,688,553</u>	<u>1,688,553</u>
Total Other Financing Sources (Uses)	-	<u>1,688,553</u>	<u>1,688,553</u>
NET CHANGE IN FUND BALANCE	(4,809,842)	(1,427,546)	3,382,296
FUND BALANCE:			
BEGINNING OF YEAR	<u>4,809,842</u>	<u>1,427,546</u>	<u>(3,382,296)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Hillside at Castle Rock Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property				Total Property Tax		Percent Collected to Levied
	Tax Levy	Mills Levied		Levied	Collected		
		General Fund	Debt Service				
2022	\$ 1,267,390	0.000	0.000	\$ -	\$ -	0.00%	
2023	\$ 1,267,390	11.132	55.664	\$ 84,657	\$ 84,657	100.00%	
2024	\$ 1,635,070	11.880	59.403	\$ 116,553	\$ 119,761	102.75%	
Estimated for year ending December 31, 2025	\$ 2,218,250	11.880	59.403	\$ 158,124			

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.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

Hillside at Castle Rock Metropolitan District

CONTINUING DISCLOSURE ANNUAL
FINANCIAL INFORMATION

December 31, 2024

(Unaudited)

History of Assessed Valuations and Mill Levies

Levy Year	Collection Year	Assessed Valuation		Mill Levies		
		Assessed Valuation	Percent Change	General Fund	Bond Redemption	Total
2018	2019	\$ 210,220	0.00%	0.000	0.000	-
2019	2020	\$ 153,510	-26.98%	0.000	0.000	-
2020	2021	\$ 732,680	377.28%	0.000	0.000	-
2021	2022	\$ 1,267,390	72.98%	0.000	0.000	-
2022	2023	\$ 1,267,390	0.00%	11.132	55.664	66.796
2023	2024	\$ 1,635,070	29.01%	11.880	59.403	71.283
2024	2025	\$ 2,218,250	35.67%	11.880	59.403	71.283

(1) Figures are through December 31, 2024

Property Tax collections in the District

Levy Year	Collection Year	Taxes Levied	Current Tax Collections	Collection Rate
2017	2018	\$ -	\$ -	N/A
2018	2019	\$ -	\$ -	N/A
2019	2020	\$ -	\$ -	N/A
2020	2021	\$ -	\$ -	N/A
2021	2022	\$ -	\$ -	N/A
2022	2023	\$ 84,657	\$ 84,657	100.00%
2023	2024	\$ 116,553	\$ 119,761	102.75%

Source: County Assessor's Office

Assessed and "Actual" Valuation of Classes of Property in the District

Property Class	"Actual" Valuation	Assessed Valuation	Total Assessed Valuation
State Assessed	\$ 177,387	\$ 49,500	2.23%
Vacant Land	7,773,069	2,168,750	97.77%
	<u>\$ 7,950,456</u>	<u>\$ 2,218,250</u>	<u>100.00%</u>

Source: County Assessor's Office

Exhibit B

Hillside at Castle Rock Metropolitan District

2024 Budget Resolution

District Counsel reported that, prior to the meeting, legal counsel had notified each of the directors of the date, time and place of this meeting and the purpose for which it was called. District Counsel further reported that this is a special meeting of the Board of Directors of the District and that the notice of the meeting was posted within the boundaries of the District, and to the best of their knowledge, remains posted to the date of this meeting.

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

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT METROPOLITAN DISTRICT, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2025 AND ENDING ON THE LAST DAY OF DECEMBER 2025.

WHEREAS, the Board of Directors (the “Board”) of the Hillside at Castle Rock Metropolitan District (the “District”) has authorized its treasurer and legal counsel to prepare and submit a proposed budget to said governing body no later than October 15, 2024; and

WHEREAS, the proposed 2025 budget has been submitted to the Board for its consideration; and

WHEREAS, upon due and proper notice, posted in accordance with Colorado law and published on October 31, 2024, said proposed budget was open for inspection by the public at a designated place, a public hearing was held at 9:00 a.m., Tuesday, November 12, 2024, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the expenditures, increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT, DOUGLAS COUNTY, COLORADO, AS FOLLOWS:

Section 1. Summary of 2025 Revenues and 2025 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2025, as more specifically set forth in the budget attached hereto, are accepted, and approved.

Section 2. Adoption of Budget. That the budget as submitted, or as amended, and attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2025.

Section 3. 2025 Levy of General Property Taxes. That the foregoing budget indicates that the amount of money necessary to balance the budget for the General Fund for operating expenses is \$26,353,000 and that the 2024 valuation for assessment, as certified by the Douglas County Assessor, is \$ 2,218,250.00. That for the purposes of meeting all general operating expenses of the District during the 2025 budget year, there is hereby levied a tax of 11.880 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2024.

Section 4. 2024 Levy of Debt Retirement Expenses. That the foregoing budget indicates that the amount of money necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$ 131,771.00 and that the 2024 valuation for assessment, as certified by the Douglas County Assessor, is \$2,218,250.00. That for the purposes of meeting all debt retirement expenses of the District during the 2025 budget year, there is hereby levied a tax of 59.403 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2024.

Section 5. Certification to Board of County Commissioners. That the attorney, accountant, or manager for the District is hereby authorized and directed to certify to the Douglas County Board of County Commissioners, no later than December 15, 2024, the mill levies for the District hereinabove determined and set. That said certification shall be substantially in the same form as attached hereto and incorporated herein by this reference.

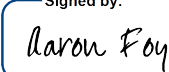
Section 6. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund to each fund, for the purposes stated and no other.

Section 7. Budget Certification. That the Budget shall be certified by the Secretary/Treasurer of the District and made a part of the public records of the District.

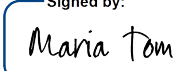
The foregoing Resolution was seconded by Director Erpelding.

RESOLUTION APPROVED AND ADOPTED ON NOVMEBER 12, 2024.

HILLSIDE AT CASTLE ROCK METROPOLITAN
DISTRICT

By:  Signed by:
9490950C4B144C6...
Aaron Foy, President

ATTEST:

 Signed by:
F44522509C9E4BA...
Maria Tom, Secretary/Treasurer

STATE OF COLORADO
COUNTY OF DOUGLAS
HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

I, Maria Tom hereby certify that I am a director and the duly elected and qualified Secretary/Treasurer of the Hillside at Castle Rock Metropolitan District (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 9:00 a.m.. on Tuesday, November 12, 2024, via zoom <https://us02web.zoom.us/j/82919021572?pwd=4ATlxsZWJhRqO6mWVejwSONgDGq0n2.1> Meeting ID: 829 1902 1572; Passcode: 803489; Telephone: 1 719 359 4580 as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2025; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name on November 12, 2024.

Signed by:

Maria Tom

F44522509C9E4BA...

Maria Tom, Secretary/Treasurer

EXHIBIT A
BUDGET DOCUMENT & BUDGET MESSAGE
HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT
2025 BUDGET

Hillside at Castle Rock Metropolitan District
Adopted Budget
General Fund
For the Year ended December 31, 2025

	Actual <u>2023</u>	Adopted Budget <u>2024</u>	Actual <u>6/30/2024</u>	Estimate <u>2024</u>	Adopted Budget <u>2025</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	14,109	19,425	17,109	19,425	26,353
Specific ownership taxes	1,109	1,554	396	800	2,108
Developer advances	9,662	30,357	7,442	7,938	21,539
Interest/ Miscellaneous income	175	-	-	-	-
Total revenues	<u>25,055</u>	<u>51,336</u>	<u>24,947</u>	<u>28,163</u>	<u>50,000</u>
Total funds available	<u>25,055</u>	<u>51,336</u>	<u>24,947</u>	<u>28,163</u>	<u>50,000</u>
Expenditures:					
Accounting	12,582	12,750	5,154	10,300	10,000
Audit	-	-	5,000	5,000	5,500
Election	1,063	-	-	-	-
Insurance/SDA dues	-	2,500	2,972	2,972	3,100
Legal	11,166	20,000	4,734	9,500	20,000
Miscellaneous	32	-	10	100	100
Treasurer fees	212	291	251	291	395
Contingency	-	14,729	-	-	9,732
Emergency reserve (3%)	-	1,066	-	-	1,173
Total expenditures	<u>25,055</u>	<u>51,336</u>	<u>18,121</u>	<u>28,163</u>	<u>50,000</u>
Ending fund balance	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ 6,826</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation	<u>\$ 1,267,390</u>	<u>\$ 1,635,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,218,250</u>
Mill Levy	<u>11.132</u>	<u>11.880</u>	<u>-</u>	<u>-</u>	<u>11.880</u>

Hillside at Castle Rock Metropolitan District
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2025

	Actual <u>2023</u>	Adopted Budget <u>2024</u>	Actual <u>6/30/2024</u>	Estimate <u>2024</u>	Adopted Budget <u>2025</u>
Beginning fund balance	<u>\$ 4,614,962</u>	<u>\$ 4,809,842</u>	<u>\$ 1,427,546</u>	<u>\$ 1,427,546</u>	<u>\$ 1,492,946</u>
Revenues:					
Interest income	<u>211,405</u>	<u>-</u>	<u>37,717</u>	<u>75,400</u>	<u>75,000</u>
Total revenues	<u>211,405</u>	<u>-</u>	<u>37,717</u>	<u>75,400</u>	<u>75,000</u>
Total funds available	<u>4,826,367</u>	<u>4,809,842</u>	<u>1,465,263</u>	<u>1,502,946</u>	<u>1,567,946</u>
Expenditures:					
Capital expenditures	<u>3,398,821</u>	<u>4,809,842</u>	<u>2,998</u>	<u>10,000</u>	<u>1,567,946</u>
Total expenditures	<u>3,398,821</u>	<u>4,809,842</u>	<u>2,998</u>	<u>10,000</u>	<u>1,567,946</u>
Ending fund balance	<u><u>\$ 1,427,546</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,462,265</u></u>	<u><u>\$ 1,492,946</u></u>	<u><u>\$ -</u></u>

Hillside at Castle Rock Metropolitan District
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2025

	Actual <u>2023</u>	Adopted Budget <u>2024</u>	Actual <u>6/30/2024</u>	Estimate <u>2024</u>	Adopted Budget <u>2025</u>
Beginning fund balance	\$ 1,120,820	\$ 931,536	\$ 923,196	\$ 923,196	\$ 755,918
Revenues:					
Property taxes	70,548	97,128	102,653	102,653	131,771
Specific ownership taxes	5,543	7,770	2,373	4,750	10,542
Interest income	51,218	-	21,867	43,700	40,000
Total revenues	127,309	104,898	126,893	151,103	182,313
Total funds available	1,248,129	1,036,434	1,050,089	1,074,299	938,231
Expenditures:					
Bond interest expense	316,875	316,876	158,438	316,876	316,876
Treasurer's fees	1,058	1,457	1,505	1,505	1,977
Trustee / paying agent fees	7,000	-	-	-	-
Total expenditures	324,933	318,333	159,943	318,381	318,853
Ending fund balance	\$ 923,196	\$ 718,101	\$ 890,146	\$ 755,918	\$ 619,378
Assessed valuation	\$ 1,267,390	\$ 1,635,070			\$ 2,218,250
Mill Levy	55.664	59.403			59.403
Total Mill Levy	66.796	71.283			71.283

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO The County Commissioners of Douglas County, Colorado
On behalf of the Hillside at Castle Rock Metro District
the Board of Directors
of the Hillside at Castle Rock Metropolitan District

Hereby officially certifies the following mills to be levied against the taxing entity's **GROSS** assessed valuation of: **\$2,218,250** Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the **NET** assessed valuation of: **\$2,218,250**

Submitted: *Diane Wheeler* for budget/fiscal year 2025

PURPOSE	LEVY	REVENUE
1. General Operating Expenses	11.880 mills	\$26,353
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction	-0.000 mills	-\$0
SUBTOTAL FOR GENERAL OPERATING:	11.880 mills	\$26,353
3. General Obligation Bonds and Interest	59.403 mills	\$131,771
4. Contractual Obligations	0.000 mills	\$0
5. Capital Expenditures	0.000 mills	\$0
6. Refunds/Abatements	0.000 mills	\$0
7. Other	0.000 mills	\$0
8. Judgment	0.000 mills	\$0
TOTAL:	71.283 mills	\$158,124

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.). Use additional pages as necessary.

The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND, CONTRACT, OTHER, AND/OR JUDGMENT:

BONDS

- Purpose of Issue: \$5,070,000 Limited Tax General Obligation Bonds
 Series: 2022A
 Date of Issue: 9/20/2022
 Coupon Rate: 6.25

Maturity Date:	12/1/2047
Levy:	59.403
Revenue:	\$131,771
2. Purpose of Issue:	\$1,079,000 Subordinate Limited Tax General Obligation Bonds
Series:	2022B
Date of Issue:	9/20/2022
Coupon Rate:	9.00
Maturity Date:	12/15/2047
Levy:	0.000
Revenue:	\$0

CONTRACTS

No Contracts Available

OTHER

No Other Available

JUDGMENT

No Judgements Available

Explanation of Change:

Generated On 12/14/2024

HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT
2025
BUDGET MESSAGE

Attached please find a copy of the adopted 2025 budget for the Hillside at Castle Rock Metropolitan District.

Hillside at Castle Rock Metropolitan District has adopted three separate funds, a General Fund to provide for the payment of operating and maintenance expenditures; a Capital Projects Fund to provide for estimated infrastructure costs that are to be built for the benefit of the district; and a Debt Service Fund to provide for payments on the outstanding general obligation bonds

The district's accountants have utilized the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications, and public hearing.

The primary sources of revenue for the district in 2025 will be property taxes from the imposition of a 71.283 mill levy on property within the district for 2025, of which 11.880 mills will be dedicated to the General Fund and the balance of 59.403 mills will be allocated to the Debt Service Fund.