

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITOR’S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	23
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	25
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	26
ANNUAL DISCLOSURE	
ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT	28



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the The Villages at Castle Rock Metropolitan District No. 6 (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Duggio & Associates, P.C.

July 15, 2022

BASIC FINANCIAL STATEMENTS

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and Investments	\$ 432,843
Cash and Investments - Restricted	596,553
Receivable - County Treasurer	20,120
Other Receivable	52,000
Prepaid Expense	450
Property Taxes Receivable	3,054,075
Capital Assets:	
Capital Assets, Not Being Depreciated	2,065,418
Total Assets	<u>6,221,459</u>
LIABILITIES	
Accounts Payable	15,789
Fire Protection IGA Payable	379,004
Accrued Interest Payable	108,415
Noncurrent Liabilities:	
Due Within One Year	501,635
Due in More Than One Year	60,789,472
Total Liabilities	<u>61,794,315</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	3,054,075
Total Deferred Inflows of Resources	<u>3,054,075</u>
NET POSITION	
Restricted for:	
Emergency Reserves	24,400
Debt Service	644,273
Unrestricted	<u>(59,295,604)</u>
Total Net Position	<u><u>\$ (58,626,931)</u></u>

See accompanying Notes to Basic Financial Statements.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 528,988	\$ -	\$ -	\$ -	\$ (528,988)
Interest and Related Costs on Long-Term Debt	17,689,006	-	52,000	29,323,017	11,686,011
Total Governmental Activities	<u>\$ 18,217,994</u>	<u>\$ -</u>	<u>\$ 52,000</u>	<u>\$ 29,323,017</u>	11,157,023
GENERAL REVENUES					
Property Taxes					2,570,159
Specific Ownership Taxes					284,969
Fire Protection IGA					384,777
Net Investment Income					794
Total General Revenues					<u>3,240,699</u>
CHANGE IN NET POSITION					14,397,722
Net Position - Beginning of Year - Restated					<u>(73,024,653)</u>
NET POSITION - END OF YEAR					<u>\$ (58,626,931)</u>

See accompanying Notes to Basic Financial Statements.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 432,843	\$ -	\$ 432,843
Cash and Investments - Restricted	24,400	572,153	596,553
Accounts Receivable - County Treasurer	-	20,120	20,120
Prepaid Expenses	450	-	450
Other Receivable	-	52,000	52,000
Property Taxes Receivable	648,295	2,405,780	3,054,075
	<u>\$ 1,105,988</u>	<u>\$ 3,050,053</u>	<u>\$ 4,156,041</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 15,789	\$ -	\$ 15,789
Fire Protection IGA Payable	379,004	-	379,004
Total Liabilities	394,793	-	394,793
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	648,295	2,405,780	3,054,075
Total Deferred Inflows of Resources	648,295	2,405,780	3,054,075
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	450	-	450
Restricted For:			
Emergency Reserves	24,400	-	24,400
Debt Service	-	644,273	644,273
Assigned To:			
Unassigned	38,050	-	38,050
Total Fund Balances	62,900	644,273	707,173
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,105,988</u>	<u>\$ 3,050,053</u>	

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

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

Capital Assets, Net 2,065,418

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

Bonds Payable 2021	(56,954,000)
Bonds Payable 2007	(4,587,140)
Bond Discount	576,178
Accrued Interest Payable	(108,415)
Accrued Interest Payable - 2021B Subordinate Bonds	(326,145)

Net Position of Governmental Activities \$ (58,626,931)

See accompanying Notes to Basic Financial Statements.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 428,334	\$ 2,141,825	\$ 2,570,159
Specific Ownership Taxes	-	284,969	284,969
Net Investment Income	203	591	794
Fire Protection IGA	384,777	-	384,777
System Development Fees	-	52,000	52,000
Total Revenues	<u>813,314</u>	<u>2,479,385</u>	<u>3,292,699</u>
EXPENDITURES			
Current:			
Accounting	32,682	-	32,682
Audit	4,900	-	4,900
Legal	37,252	-	37,252
Management	31,401	-	31,401
Pond Maintenance	18,887	-	18,887
Insurance and Bonds	9,684	-	9,684
County Treasurer's Fees	12,200	32,135	44,335
Fire Protection IGA	379,004	-	379,004
Miscellaneous	2,978	-	2,978
Debt Service:			
Bond Issue Costs	-	1,312,429	1,312,429
Bond Interest Series 2007 CAP Bond - #1	-	460,862	460,862
Bond Interest Series 2021A	-	455,735	455,735
Bond Interest Series 2021B	-	402,140	402,140
Paying Agent Fees	-	2,303	2,303
Total Expenditures	<u>528,988</u>	<u>2,665,604</u>	<u>3,194,592</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	284,326	(186,219)	98,107
OTHER FINANCING SOURCES (USES)			
Bond Proceeds - 2021A	-	29,245,000	29,245,000
Bond Proceeds - 2021B	-	27,709,000	27,709,000
Bond Exchange	-	(27,709,000)	(27,709,000)
Bond Principal Series 2007 CAP Bond - #1	-	(26,426,062)	(26,426,062)
Bond Principal Series 2007 CAP Bond - #2	-	(2,000,000)	(2,000,000)
Original Issue Discount	-	(584,900)	(584,900)
Transfers In (Out)	(533,857)	533,857	-
Total Other Financing Sources (Uses)	<u>(533,857)</u>	<u>767,895</u>	<u>234,038</u>
NET CHANGE IN FUND BALANCES	(249,531)	581,676	332,145
Fund Balances - Beginning of Year	<u>312,431</u>	<u>62,597</u>	<u>375,028</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 62,900</u></u>	<u><u>\$ 644,273</u></u>	<u><u>\$ 707,173</u></u>

See accompanying Notes to Basic Financial Statements.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$ 332,145
--	------------

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

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond Issuance	(56,954,000)
Bond Discount	584,900
Refunding Payment 2007 Bonds	52,549,000
Principal Payment 2007 Bonds	1,586,062
Forgiveness of Debt	29,323,017
2007 Subordinate Bond Payment	2,000,000
Accreted Bonds Payable - Change in Liability	(13,148,796)

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

Change in Accrued Bond Interest Payable	(898,768)
Amortization of Bond Discount	(8,722)
Interest on Developer Advance	(967,116)

Change in Net Position of Governmental Activities	\$ <u>14,397,722</u>
---	----------------------

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 428,334	\$ 428,334	\$ 428,334	\$ -
Net investment income	100	100	203	103
Other Income	6,500	6,500	-	(6,500)
Fire Protection IGA	384,777	384,777	384,777	-
Total Revenues	819,711	819,711	813,314	(6,397)
EXPENDITURES				
Current:				
Accounting	27,500	27,500	32,682	(5,182)
Audit	4,800	4,800	4,900	(100)
Legal	17,500	17,500	37,252	(19,752)
District Management	20,000	20,000	31,401	(11,401)
Bond Issue Costs	-	300,000	-	300,000
Detention Pond Maintenance	8,500	8,500	18,887	(10,387)
Insurance and Bonds	9,500	9,500	9,684	(184)
County Treasurer's Fees	12,197	12,197	12,200	(3)
Fire Protection IGA	379,005	379,005	379,004	1
Miscellaneous	100	100	2,978	(2,878)
Contingency	5,898	5,898	-	5,898
Total Expenditures	485,000	785,000	528,988	256,012
OTHER FINANCING SOURCES (USES)				
Transfers Out	(605,000)	(605,000)	(533,857)	71,143
Transfers In	-	300,000	-	(300,000)
Total Other Financing Sources (Uses)	(605,000)	(305,000)	(533,857)	(228,857)
NET CHANGE IN FUND BALANCE	(270,289)	(270,289)	(249,531)	20,758
Fund Balance - Beginning of Year	294,786	294,786	312,431	17,645
FUND BALANCE - END OF YEAR	<u>\$ 24,497</u>	<u>\$ 24,497</u>	<u>\$ 62,900</u>	<u>\$ 38,403</u>

See accompanying Notes to Basic Financial Statements.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2021.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank or investment account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

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

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

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 432,843
Cash and Investments - Restricted	<u>596,553</u>
Total Cash and Investments	<u><u>\$ 1,029,396</u></u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 965,124
Investments	<u>64,272</u>
Total Cash and Investments	<u><u>\$ 1,029,396</u></u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2021, the District's cash deposits had a bank balance of \$965,124 and a carrying balance of \$965,124.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- * Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
U.S. Treasury Money Market Fund	Weighted Average	
	Under 60 Days	\$ 64,272
Total Investments		<u>\$ 64,272</u>

First American Government Obligation Fund

The debt service money that is included in the trust accounts at U.S. Bank is invested in the First American Government Obligation Fund. This portfolio is a money market mutual fund which invests in U.S. Government Securities, which are fully guaranteed as to principal and interest by the United States, with maturities of 31 days or less and repurchase agreements collateralized by U.S. Government Securities. The Fund is rated AAAM by Standard & Poor's.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance at December 31, 2020	Increases	Decreases	Balance at December 31, 2021
Capital Assets, Not Being Depreciated:				
Detention Ponds	\$ 2,065,418	\$ -	\$ -	\$ 2,065,418
Total Capital Assets, Not Being Depreciated	<u>\$ 2,065,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,065,418</u>

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

NOTE 5 LONG-TERM OBLIGATIONS

The District's outstanding long-term obligations at December 31, 2021, were as follows:

	Balance at December 31, 2020	Additions	Reductions	Forgiveness of Debt	Balance at December 31, 2021	Due Within One Year
Long-Term Debt - Direct Borrowings						
2007 Bonds - Accreted Value	\$ 45,573,406	\$ 13,148,796	\$ 54,135,062	\$ -	4,587,140	\$ 478,573
2007 Subordinate Obligations	1,592,000	-	1,592,000	-	-	-
Accrued Interest - 2007 Subordinate	5,665,392	464,208	408,000	5,721,600	-	-
2021A Bonds	-	29,245,000	-	-	29,245,000	-
2021B Bonds	-	27,709,000	-	-	27,709,000	-
2021B Bonds Accrued Interest	-	728,285	402,140	-	326,145	-
Subtotal Bonds Payable	52,830,798	71,295,289	56,537,202	5,721,600	61,867,285	478,573
Other Debts						
Developer Advance - Facilities Funding	15,286,423	-	-	15,286,423	-	-
Developer Advance - Operations Funding	167,352	-	-	167,352	-	-
Interest on Developer Advance - Facilities	7,032,614	955,402	-	7,988,016	-	-
Interest on Developer Advance - Operations	147,912	11,714	-	159,626	-	-
Subtotal Other Debts	22,634,301	967,116	-	23,601,417	-	-
Series 2021A Bond Discount	-	(584,900)	8,722	-	(576,178)	23,062
Subtotal Bond Discount	-	(584,900)	8,722	-	(576,178)	23,062
Total	<u>\$ 75,465,099</u>	<u>\$ 71,677,505</u>	<u>\$ 56,545,924</u>	<u>\$ 29,323,017</u>	<u>\$ 61,291,107</u>	<u>\$ 501,635</u>

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

Proceeds of the 2021 Bonds

The District issued the 2021 Bonds on July 15, 2021, in the par amounts of \$29,245,000 for the 2021A Senior Bonds and \$27,709,000 for the 2021B Subordinate Bonds.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Proceeds of the 2021 Bonds (Continued)

Net proceeds from the sale of the 2021A Senior Bonds were used to: (i) purchase and cancel a portion of the accreted value of the District's currently outstanding 2007 Senior Bonds; (ii) refund the 2007 Subordinate Obligations; (iii) fund an initial deposit to the 2021A Surplus Fund; and, (iv) pay certain costs in connection with the issuance of the 2021 Bonds. The 2021B Subordinate Bonds were issued in exchange for the purchase and cancellation of a portion of the accreted value of the 2007 Senior Bonds.

2007 Senior Bonds Outstanding

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

Parity Lien

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

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

Details of the 2021A Senior Bonds

The 2021A Senior Bonds will bear interest at 4.125% and are payable semiannually, to the extent of available Senior Pledged Revenue, on June 1 and December 1, beginning on December 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2038. The 2021A Senior Bonds mature on December 1, 2051.

To the extent principal of any 2021A Senior Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate borne by the 2021A Senior Bond. To the extent interest on any 2021A Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the 2021A Senior Bond.

Senior Bonds Pledged Revenue

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

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Bonds Pledged Revenue (Continued)

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

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

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

Additional Security for the 2021A Senior Bonds

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

Additional Security for the 2007 Senior Bonds

The 2007 Senior Bonds are additionally secured by amounts, if any, in the 2007 Surplus Fund. Subject to the receipt of sufficient Senior Pledged Revenue, the 2007 Surplus Fund is to be funded up to the 2007 Maximum Surplus Amount of \$500,000; provided, however, such amount may be reduced when any 2007 Senior Bonds are purchased and cancelled by the District by an amount equal to: \$500,000 multiplied by (i) the number of 2007 Senior Bond Units (as defined in the 2007 Indenture) being purchased and cancelled by the District, divided by (ii) the number of 2007 Senior Bond Units outstanding prior to such purchase and cancellation. Before the closing date of the 2021 Bonds, 35,841.68 Bond Units of the 2007 Bonds were outstanding. After the purchase/exchange and cancellation of 30,994.17 Bonds Units on the closing date of the 2021 Bonds, 4,847.51 Bond Units were outstanding resulting in a balance in the 2007 Surplus Fund of \$67,624. Upon the redemption on December 31, 2021 of 1,158.94 Bonds Units, 3,688.57 Bond Units were outstanding, resulting in a balance in the 2007 Surplus Fund of \$51,456. The balance in the 2007 Surplus Fund as of December 31, 2021, is \$64,264.10.

Optional Redemption of the 2021 Bonds

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

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Redemption of the 2021 Bonds (Continued)

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

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 1,206,356	\$ 1,206,356
2023	-	1,206,356	1,206,356
2024	-	1,206,356	1,206,356
2025	-	1,206,356	1,206,356
2026	-	1,206,356	1,206,356
2027-2031	-	6,031,780	6,031,780
2032-2036	-	6,031,780	6,031,780
2037-2041	4,775,000	5,787,375	10,562,375
2042-2046	9,750,000	4,308,357	14,058,357
2047-2051	14,720,000	1,948,239	16,668,239
Total	<u>\$ 29,245,000</u>	<u>\$ 30,139,311</u>	<u>\$ 59,384,311</u>

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

Details of the 2021B Subordinate Bonds

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

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

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2021B Subordinate Bonds Pledged Revenue

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

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

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

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

Debt Authorization

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$60,000,000 for general obligation bonds at an interest rate not to exceed 18% per annum. In addition, the electors authorized the refunding of up to \$60,000,000 in general obligation bonds at a higher interest rate. As of December 31, 2021, the District had authorized but unissued general obligation indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized	Amount Used Series 2007	Amount Used Series 2021 Bonds	Remaining Authorization
Streets	\$ 30,000,000	\$ 14,327,855	\$ -	\$ 15,672,145
Water	10,000,000	1,314,297	-	8,685,703
Sewer	10,000,000	6,923,699	-	3,076,301
Parks and Recreation	5,000,000	1,033,724	-	3,966,276
Mosquito Control	1,000,000	388,392	-	611,608
TV Relay	1,000,000	-	-	1,000,000
Transportation	1,000,000	-	-	1,000,000
Traffic and Safety	2,000,000	251,915	-	1,748,085
Refunding	60,000,000	-	35,884,720	24,115,280
Total	<u>\$ 120,000,000</u>	<u>\$ 24,239,882</u>	<u>\$ 35,884,720</u>	<u>\$ 59,875,398</u>

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

Pursuant to the Service Plan, any additional debt issued by the District will require prior approval by the Town. Maximum debt service mill levy per the Service Plan is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2021, the maximum debt service mill levy per the Service Plan, as adjusted, is 55.664 mills.

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

NOTE 6 NET POSITION

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

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District had restricted net position as of December 31, 2021, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 24,400
Debt Service	644,273
Total Restricted Net Position	<u>\$ 668,673</u>

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

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is M.D.C. Land Corporation. Three members of the Board of Directors are residents of the Districts, and two members are current employees, owners or otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 RELATED PARTIES (CONTINUED)

Facilities Funding, Reimbursement, and Acquisition Agreement

In January 2006, the District entered into the Facilities Funding, Reimbursement and Acquisition Agreement with the Developer. Under the Agreement the District has agreed to repay the Developer for advances received prior to December 31, 2005, along with interest at the rate of 6.25% per year. Also under the terms of the Agreement, the District agrees to acquire eligible improvements from the Developer for any such improvements that the Developer constructs.

On November 16, 2015, the District and the Developer entered into that certain Agreement Regarding Water Main Construction Reimbursement whereby the District acquired certain water main improvements constructed by the Developer pursuant to a cost sharing agreement between the Developer and Castle Oaks Metropolitan District. The Developer agreed to reduce the amount of the District's obligation under the Facilities Funding, Reimbursement and Acquisition Agreement for such water mains by the amount paid by Castle Oaks Metropolitan District pursuant to the cost sharing agreement.

On July 15, 2021, a Waiver and Release of Obligations under funding agreements was signed. The District paid \$2 million in full satisfaction of the Districts obligation.

Operation Funding Agreements

On December 5, 2008 (effective January 1, 2009), the District entered into an Operation Funding and Reimbursement Agreement (the 2009 OFA) to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at a rate of 7%. Repayments of advances, to the extent the District has funds available to do so, is to occur December 2 of each year. Repayments are applied first to the 2005 OFA (as defined in the 2009 OFA) and then to the 2009 accrued and unpaid interest and then to the 2009 OFA principal amounts.

On December 11, 2009 (effective January 1, 2010), the District entered into an Operation Funding Agreement (the 2010 OFA) to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at a rate of 7%. Repayments of advances, to the extent the District has funds available to do so, is to occur December 2 of each year. Repayments are applied first to the 2005 OFA, then to the 2009 OFA, and then to the 2010 accrued and unpaid interest and then to the 2010 OFA principal amounts, as defined in the 2010 OFA.

On November 12, 2010 (effective January 1, 2011), the District entered into an Operating Funding Agreement (the 2011 OFA) to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at a rate of 7%. Repayments of advances, to the extent the District has funds available to do so, is to occur December 2 of each year. Repayments are applied first to the 2005 OFA, then to the 2009 OFA, then to the 2010 OFA, and then to the 2011 OFA.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 RELATED PARTIES (CONTINUED)

Operation Funding Agreements (Continued)

On July 15, 2021, a Waiver and Release of Obligations under funding agreements was signed. As of December 31, 2021 there no amounts due under these Operation Funding Agreements.

NOTE 8 INTERGOVERNMENTAL AGREEMENTS

Fire Protection and Emergency Response Intergovernmental Agreement

The District entered into a Fire Protection and Emergency Response IGA with the Town of Castle Rock in 2007. Under the agreement, the Town is obligated to provide fire protection and emergency response services to property within the District and the District shall impose a mill levy of 10 mills dedicated and pledged to the Town for this purpose. In 2021, the amount collected under this agreement totaled \$379,004 and was remitted on June 15, 2022.

NOTE 9 INTERGOVERNMENTAL AGREEMENTS

The transfer from the General Fund to the Debt Service Fund was used for the 2007 debt service payment.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 2,141,823	\$ 2,141,823	\$ 2,141,825	\$ 2
Specific Ownership Tax	236,395	236,395	284,969	48,574
Investment Income	-	-	591	591
System Development Fees	-	-	52,000	52,000
Other Revenue	-	1,317,185	-	(1,317,185)
Total Revenues	2,378,218	3,695,403	2,479,385	(1,216,018)
EXPENDITURES				
Debt Service:				
County Treasurer's Fees	32,127	32,127	32,135	(8)
Paying Agent Fees	1,815	3,000	2,303	697
Bond Issue Costs	-	1,109,220	1,312,429	(203,209)
Bond Interest Series 2007 CAP Bond - #1	-	-	460,862	(460,862)
Bond Principal Series 2021A	-	560,000	-	560,000
Bond Interest Series 2021A	-	1,330,889	455,735	875,154
Bond Interest Series 2021B	-	-	402,140	(402,140)
Miscellaneous	100	100	-	100
Contingency	2,958	2,418,884	-	2,418,884
Total Expenditures	37,000	5,454,220	2,665,604	2,788,616
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,341,218	(1,758,817)	(186,219)	1,572,598
OTHER FINANCING SOURCES (USES)				
Bond Proceeds - 2021A	-	56,500,000	29,245,000	(27,255,000)
Bond Proceeds - 2021B	-	7,355,000	27,709,000	20,354,000
Bond Exchange	-	-	(27,709,000)	(27,709,000)
Bond Principal Series 2007 CAP Bond - #1	(3,008,000)	(59,745,780)	(26,426,062)	33,319,718
Bond Principal Series 2007 CAP Bond - #2	-	-	(2,000,000)	(2,000,000)
Original Issue Discount	-	-	(584,900)	(584,900)
Transfers Out	-	(300,000)	-	300,000
Transfers In	605,000	605,000	533,857	(71,143)
Total Other Financing Sources (Uses)	(2,403,000)	4,414,220	767,895	(3,646,325)
NET CHANGE IN FUND BALANCE	(61,782)	2,655,403	581,676	(2,073,727)
Fund Balance - Beginning of Year	72,894	344,597	62,597	(282,000)
FUND BALANCE - END OF YEAR	<u>\$ 11,112</u>	<u>\$ 3,000,000</u>	<u>\$ 644,273</u>	<u>\$ (2,355,727)</u>

OTHER INFORMATION

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied		Refunds & Abatements	Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service		Levied	Collected	
2017	\$ 17,384,190	20.000	50.000	3.603	\$ 1,279,529	\$ 1,279,530	100.00
2018	25,734,990	21.055	55.277	0.000	1,964,403	1,964,406	100.00
2019	27,160,180	21.055	55.277	0.000	2,073,191	2,073,191	100.00
2020	34,578,230	21.132	55.664	0.000	2,655,470	2,654,974	99.98
2021	38,477,700	21.132	55.664	0.000	2,954,934	2,954,936	100.00
Estimated for Year Ending December 31, 2022	\$ 43,219,670	15.000	55.664	0.000	\$ 3,054,075		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of a specific year of levy. Disclosure of items less than 95.00% are included. During 2015, a refund in the amount of \$34,950 was processed, resulting in a lower percentage of collection.

THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 1,206,356	\$ 1,206,356
2023	-	1,206,356	1,206,356
2024	-	1,206,356	1,206,356
2025	-	1,206,356	1,206,356
2026	-	1,206,356	1,206,356
2027	-	1,206,356	1,206,356
2028	-	1,206,356	1,206,356
2029	-	1,206,356	1,206,356
2030	-	1,206,356	1,206,356
2031	-	1,206,356	1,206,356
2032	-	1,206,356	1,206,356
2033	-	1,206,356	1,206,356
2034	-	1,206,356	1,206,356
2035	-	1,206,356	1,206,356
2036	-	1,206,356	1,206,356
2037	-	1,206,356	1,206,356
2038	700,000	1,206,356	1,906,356
2039	1,210,000	1,177,481	2,387,481
2040	1,405,000	1,127,569	2,532,569
2041	1,460,000	1,069,613	2,529,613
2042	1,670,000	1,009,388	2,679,388
2043	1,740,000	940,500	2,680,500
2044	1,975,000	868,725	2,843,725
2045	2,055,000	787,256	2,842,256
2046	2,310,000	702,488	3,012,488
2047	2,405,000	607,200	3,012,200
2048	2,685,000	507,994	3,192,994
2049	2,795,000	397,238	3,192,238
2050	3,105,000	281,944	3,386,944
2051	3,730,000	153,863	3,883,863
Total	<u>\$ 29,245,000</u>	<u>\$ 30,139,311</u>	<u>\$ 59,384,311</u>

ANNUAL DISCLOSURE

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6
ANNUAL DISCLOSURE
ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
DECEMBER 31, 2021**

<u>Property Class</u>	<u>Total Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Actual Valuation</u>	<u>Percentage of Actual Valuation</u>
Residential	\$ 41,699,090	96.48 %	\$ 583,205,564	99.11 %
Vacant	1,330,160	3.08	4,586,623	0.78
Personal Property	188,900	0.44	651,376	0.11
Agricultural	1,520	0.00	5,260	0.00
Total	<u>\$ 43,219,670</u>	<u>100.00 %</u>	<u>\$ 588,448,823</u>	<u>100.00 %</u>