Rock Metropolitan District

Financial Statements

December 31, 2025

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Financial Statements
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rock Metropolitan District
El Paso 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 Rock Metropolitan District (the "District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025 and the respective changes in financial position thereof and 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 ("U.S. 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

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

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 U.S. GAAS 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 U.S. GAAS, 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 the 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparisons in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information found in Section F is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 4, 2026

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Rock Metropolitan District
Statement of Net Position
December 31, 2025

Assets:	
Cash and equivalents - Unrestricted	34,711
Cash and equivalents - Restricted	436,552
Property taxes receivable	55,066
Prepaid expenses	2,079
Capital assets, net	3,144,938
Total Assets	3,673,346
Liabilities:	
Current liabilities due in less than one year:	
Accounts payable	11,134
Amounts due to County	25,583
Unearned revenues	8,330
Accrued interest payable	157,936
Non-current liabilities due in excess of one year:	
Bonds payable	3,245,000
Developer advances	909,798
Total Liabilities	4,357,781
Deferred Inflows of Resources:	
Property tax revenue	55,066
Total Deferred Inflows of Resources	55,066
Net Position:	
Net investment in capital assets	(855,202)
Restricted for debt service	415,625
Restricted for capital projects	1,009
Restricted for emergencies	2,621
Restricted for operations	6,872
Unrestricted	(310,426)
Total Net Position	(739,501)

The accompanying notes are an integral part of these financial statements.

Rock Metropolitan District
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Chan in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Functions/Programs:					
Governmental activities:					
General government	486,219	39,082	-	-	(447,137)
Public works	1,020	-	-	-	(1,020)
Interest on long-term debt	263,653	-	-	-	(263,653)
Total primary government	750,892	39,082	-	-	(711,810)
General revenues:					
Taxes:					
Property tax					44,305
Specific ownership tax					6,937
Interest income					19,031
Total General Revenues					70,273
Change in Net Position					(641,537)
Net Position - Beginning					(97,964)
Net Position - Ending					(739,501)

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Rock Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Operations Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets:					
Cash and equivalents - Unrestricted	18,108	15,202	392	1,009	34,711
Cash and equivalents - Restricted	-	-	436,552	-	436,552
Property taxes receivable	9,954	-	45,112	-	55,066
Prepaid expenditures	2,079	-	-	-	2,079
Total Assets	30,141	15,202	482,056	1,009	528,408
Liabilities:					
Accounts payable	11,134	-	-	-	11,134
Amounts due to County	4,264	-	21,319	-	25,583
Unearned revenue	-	8,330	-	-	8,330
Total Liabilities	15,398	8,330	21,319	-	45,047
Deferred Inflows of Resources:					
Unavailable property tax revenue	9,954	-	45,112	-	55,066
Total Deferred Inflow of Resources	9,954	-	45,112	-	55,066
Fund Balances:					
Nonspendable	2,079	-	-	-	2,079
Restricted for debt service	-	-	415,625	-	415,625
Restricted for capital projects	-	-	-	1,009	1,009
Restricted for emergencies	2,621	-	-	-	2,621
Restricted for operations	-	6,872	-	-	6,872
Unassigned	89	-	-	-	89
Total Fund Balances	4,789	6,872	415,625	1,009	428,295
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	30,141	15,202	482,056	1,009	528,408

The accompanying notes are an integral part of these financial statements.

Rock Metropolitan District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2025

Governmental Funds Total Fund Balance		428,295
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the funds. Details of these amounts are as follows:		
Capital assets	3,144,938	
		3,144,938
Long-term liabilities, including bonds payable and leases payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of District long-term liabilities. Details of these amounts are as follows:		
Bonds payable	(3,245,000)	
Developer advances	(909,798)	
Accrued interest payable	(157,936)	
		(4,312,734)
Net Position of Governmental Activities		(739,501)

The accompanying notes are an integral part of these financial statements.

Rock Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Operations Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:					
Property taxes	7,384	-	36,921	-	44,305
Specific ownership taxes	1,156	-	5,781	-	6,937
Fees	-	39,082	-	-	39,082
Interest income	491	4	18,400	136	19,031
Total Revenues	9,031	39,086	61,102	136	109,355
Expenditures:					
General government	87,365	32,214	1,938	7	121,524
Public works	-	-	-	1,020	1,020
Debt service					
Interest	-	-	110,805	-	110,805
Developer Repayment	-	-	-	2,411,139	2,411,139
Bond issuance costs	-	-	-	364,695	364,695
Capital outlay	-	-	-	3,144,938	3,144,938
Total Expenditures	87,365	32,214	112,743	5,921,799	6,154,121
Excess (Deficiency) of Revenues over Expenditures	(78,334)	6,872	(51,641)	(5,921,663)	(6,044,766)
Other Financing Sources (Uses):					
Bond proceeds	-	-	-	3,245,000	3,245,000
Developer advances	59,000	-	-	3,144,938	3,203,938
Transfers in	-	-	467,266	-	467,266
Transfers (out)	-	-	-	(467,266)	(467,266)
Total Other Financing Sources (Uses)	59,000	-	467,266	5,922,672	6,448,938
Net Change in Fund Balances	(19,334)	6,872	415,625	1,009	404,172
Fund Balances - Beginning	24,123	-	-	-	24,123
Fund Balances - Ending	4,789	6,872	415,625	1,009	428,295

Rock Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balances for total governmental funds		404,172
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the net difference between depreciation and capital additions during the year. Details of these differences are as follows:		
Capital additions	3,144,938	
		3,144,938
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of 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.		
Bond proceeds	(3,245,000)	
Repayment of developer advances	2,411,139	
Developer advances	(3,203,938)	
		(4,037,799)
The change in accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		(152,848)
Change in Net Position of Governmental Activities		(641,537)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Rock Metropolitan District (the "District") was established on May 25, 2022, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was formed to serve the public improvement needs of the Development. The District has the authority to plan, finance, design, acquire, construct install, relocate, and redevelop public improvements including streets, parks and recreation, water, sanitation, storm sewer, transportation, mosquito control, safety protection, fire protection, television relay, and security services in an area of approximately 8 acres of land in El Paso County, Colorado.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, all balances are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

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

The *Operations Fund* accounts for revenues that are generated from fees required to be used for operations

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 *Capital Projects Fund* accounts for revenues that are required to be used for capital projects.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The District's investment policy is detailed in note III.A.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. No allowance is recorded at December 31, 2025, all accounts are considered to be collectible.

3. Prepaid Expenses

Prepaid expenses represent costs incurred in advance for goods or services that will be consumed or utilized in future periods. These amounts are recorded as assets at the time of payment and are subsequently expensed over the period in which the related benefits are received.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

5. Capital Assets

Capital assets, which include construction in progress, land, buildings, equipment, vehicles, and infrastructure assets, are reported in the governmental activity columns in the government-wide financial statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred. Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Roads	40
Parks and recreation	25
Potable Water	5-40
Sewer and Storm Sewer	5-40

6. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items to report under this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

7. Long-term Obligations

The District’s long-term obligations consist of outstanding bonds and developer advances. These obligations are recorded in the government-wide financial statements, at their principal amounts, net of any applicable bond discounts or premiums, which are amortized over the life of the related debt using the effective interest method.

Developer advances - represent funds provided by developers for initial infrastructure and operational costs. These advances bear interest at rates specified in agreements between the District and developers. Repayment of advances is contingent upon the availability of certain future revenues.

Debt issuance costs, excluding prepaid bond insurance, are expensed as incurred in accordance with applicable accounting standards.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Fund Balance

The District classifies governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of targeted reserve positions and management reports the targeted amounts annually to Board of Directors.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Local Government Budget Law of Colorado. The budgets for the funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

As required by Colorado Statutes, the District followed this timetable in approving and enacting a budget for the ensuing year.

(1) For the 2025 budget, prior to August 25, 2024, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2024, only once by a single notification to the District.

(2) On or before October 15, 2024, the Budget Director submitted to the District's Board of Directors a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

(3) Prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

(4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.

(5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) supplemental appropriations to the extent of revenues in excess of the estimate in the budget; (c) emergency appropriations; and (d) reduction of appropriations for which originally estimated revenues are insufficient.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end.

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved $2,621, which is the approximate required reserve, at December 31, 2025.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

On May 3, 2022, the District's electorate approved the following:

SHALL ROCK METROPOLIT AN DISTRICT TAXES BE INCREASED BY $5,000,000 ANNUALLY OR BY SUCH LESSER AMOUNT AS NECESSARY TO PAY THE DISTRICT'S ADMINISTRATION, COVENANT ENFORCEMENT, DESIGN REVIEW, OPERATIONS, AND MAINTENANCE EXPENSES, BY THE IMPOSITION OF A FEE OR FEES IMPOSED, WITHOUT LIMITATION AS TO RATE OR AMOUNT OR ANY OTHER CONDITION, TO PAY SUCH EXPENSES AND SHALL THE PROCEEDS OF SUCH FEES AND ANY INVESTMENT INCOME THEREON BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT IN FISCAL YEAR 2022 AND IN EACH FISCAL YEAR THEREAFTER AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S., IN ANY YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED, AND SPENT BY THE DISTRICT?

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

II. Stewardship, Compliance, and Accountability (continued)

C. Authorized But Unissued Debt

Pursuant to C.R.S. 32-1-1101(2) a District is only authorized to issue bonds for a period up to twenty years following the date of the election at which such bonds were authorized by the District's voters. The District has the following Authorized Debt as of December 31, 2025:

Purpose	Authorization
Special Assessment Debt	5,000,000
Streets	5,000,000
Parks and Recreation	5,000,000
Water System	5,000,000
Sanitation and Storm Sewer System	5,000,000
Transportation System	5,000,000
Mosquito Control	5,000,000
Safety Protection	5,000,000
Fire Protection	5,000,000
Television Relay and Translation	5,000,000
Security Services and Improvements	5,000,000
Operations and Maintenance Debt	5,000,000
Refunding Debt	50,000,000
District Intergovernmental Agreements	5,000,000
Private Place Agreements	5,000,000
	120,000,000

At December 31, 2025, the District had $116,755,000 of authorized but unissued debt. However, the Amended and Restated Service Plan of the District limits total Debt to $5,000,000.

III. Detailed Notes on all Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was $25,444 at year end.

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. District investment policy limits investments to those authorized by State statutes. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

At year end, the District had the following deposits and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Term to Maturity: Less than one year	Term to Maturity: More than one year
Deposits:				
Checking and savings	Not rated	25,444	25,444	-
Investments:				
Investment pool	AAAm	445,819	445,819	-
		471,263	471,263	-

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2025, the District had the following recurring fair value measurements.

Investments Measured at Net Asset Value	Total
Colotrust Plus+	445,819
	445,819

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The Investment Pool represents investments in COLOTRUST. The net asset value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2025, the District's investments in COLOTRUST were 100% of the District's investment portfolio.

At December 31, 2025, District had invested $445,819 in the Colorado Local Government Liquid Asset Trust (the "Trust") an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAm by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

The District had the following restricted cash and equivalents as of December 31, 2025:

Bond Fund	240,185
Bond Reserve Fund	196,367
	436,552

B. Capital Assets

The District had the following capital asset activity for the year ended December 31, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	-	3,144,938	-	3,144,938
Capital assets, being depreciated and amortized:				
Infrastructure	-	-	-	-
Total capital assets	-	3,144,938	-	3,144,938
Less accumulated depreciation & amortization for:				
Infrastructure	-	-	-	-
Total accumulated depreciation & amortization	-	-	-	-
Net Capital Assets	-	3,144,938	-	3,144,938

C. Long-term Obligations

1. Limited Tax General Obligation Bonds, Series 2025

On January 22, 2025, the District issued Limited Tax General Obligation Bonds to finance the acquisition, construction, and installation of public infrastructure improvements within the District:

- $2,295,000 Limited Tax General Obligation Bonds, Series 2025A ("Series 2025A Senior Bonds")
- $550,000 Subordinate Limited Tax General Obligation Bonds, Series 2025B ("Series 2025B Subordinate Bonds")
- $400,000 Junior Lien Limited Tax General Obligation Bonds, Series 2025C (“Series 2025C Junior Lien Bonds”)

The Series 2025A Senior Bonds were issued at an interest rate of 5.625%, maturing on December 1, 2054. Interest is payable semiannually on June 1 and December 1, commencing June 1, 2025. Principal is subject to mandatory sinking fund redemption beginning December 1, 2029, with final payment at maturity.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

1. Limited Tax General Obligation Bonds, Series 2025 (continued)

The Series 2025A Senior Bonds are secured by the Senior Pledged Revenue, which consists of:

(i) the Senior Required Mill Levy property tax revenues;
(ii) specific ownership tax revenues attributable to the Senior Required Mill Levy; and
(iii) any other legally available moneys which the District determines to credit to the Senior Bond Fund.

The Series 2025A Senior Bonds are additionally secured by amounts deposited in the Series 2025A Reserve Fund, which was funded from bond proceeds in the amount of the Reserve Requirement. As of December 31, 2025 the reserve fund balance was $196,367.

The Series 2025B Subordinate Bonds were issued pursuant to a Subordinate Indenture of Trust dated January 1, 2025, between the District and UMB Bank, N.A., as trustee. The Series 2025B Subordinate Bonds are subordinate to the Series 2025A Senior Bonds and any other senior obligations of the District and are payable solely from Subordinate Pledged Revenue, which includes:

(i) property taxes levied at the Subordinate Required Mill Levy;
(ii) subordinate specific ownership tax revenues; and
(iii) any other legally available moneys credited to the Subordinate Bond Fund.

The Series 2025B Subordinate Bonds bear interest at 7.875% per annum and mature on December 15, 2054, with interest payable annually on December 15, commencing December 15, 2025.

The Series 2025C Junior Lien Bonds were issued pursuant to a Junior Lien Indenture of Trust dated January 1, 2025, between the District and UMB Bank, N.A., as trustee. The Series 2025C Junior Lien Bonds were issued to an affiliate of the developer in exchange for the extinguishment of certain reimbursement obligations related to previously incurred infrastructure costs.

The Series 2025C Junior Lien Bonds bear interest at 7.95% per annum and mature on December 15, 2054, with interest payable annually on December 15, commencing December 15, 2025.

The Series 2025C Junior Lien Bonds are subordinate to both the Series 2025A Senior Bonds and the Series 2025B Subordinate Bonds and are payable solely from Junior Lien Pledged Revenue after the payment of all senior and subordinate obligations.

The Bonds constitute limited tax general obligations of the District and are payable solely from the pledged revenues described above and not from any other revenues or assets of the District.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

1. Limited Tax General Obligation Bonds, Series 2025 (continued)

Annual debt service requirements to maturity for the Series 2025A Senior Bonds are as follows:

	Principal	Interest	Total
2026	-	129,094	129,094
2027	-	129,094	129,094
2028	-	129,094	129,094
2029	15,000	129,094	144,094
2030	25,000	128,250	153,250
2031 - 2035	165,000	617,906	782,906
2036 - 2040	270,000	559,969	829,969
2041 - 2045	410,000	469,406	879,406
2046 - 2050	580,000	336,375	916,375
2051 - 2053	830,000	136,406	966,406
Total	2,295,000	2,764,688	5,059,688

Annual debt service requirements to maturity for the Series 2025B Subordinate Bonds are as follows:

	Principal	Interest	Total
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	12,204	12,204
2030	-	278,724	278,724
2031 - 2035	18,000	236,823	254,823
2036 - 2040	65,000	200,576	265,576
2041 - 2045	102,000	169,391	271,391
2046 - 2050	180,000	117,416	297,416
2051 - 2053	185,000	35,123	220,123
Total	550,000	1,050,257	1,600,257

No amortization schedule is presented for the Series 2025C Junior Lien Bonds as future payments are based on available cash flows.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

2. Developer Advances

Operating Advances - The Developer has advanced operating funds to the District under the Funding and Reimbursement Agreement to be repaid when the District has available resources. The advances carry a 4% interest rate, per annum.

Capital Advances - The Developer has advanced capital funds to the District under the Infrastructure Acquisition and Reimbursement Agreement to be repaid when the District has available resources upon 1) issuance of bonds, 2) from available funds, or 3) issuance of Reimbursement Obligation(s). The advances carry an interest rate based on the Municipal Market Data "AAA" General Obligation Yield Curve, 30-year constant maturity, plus 4% interest, per annum. For the year ended December 31, 2025, the rate was 7.89%.

The District had the following changes in long-term obligations for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Limited Tax G.O. Bonds, Series 2025A	-	2,295,000	-	2,295,000	-
Limited Tax G.O. Bonds, Series 2025B	-	550,000	-	550,000	-
Limited Tax G.O. Bonds, Series 2025C	-	400,000	-	400,000	-
Total bonds payable:	-	3,245,000	-	3,245,000	-
Developer advances:					
Operating advances	95,658	59,000	-	154,658	-
Capital advances	21,341	3,144,938	(2,411,139)	755,140	-
Total developer advances:	116,999	3,203,938	(2,411,139)	909,798	-
Total	116,999	6,448,938	(2,411,139)	4,154,798	-

The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

IV. Other Information

A. Risk Management

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to $2,000,000, except if the claim falls within the government immunity statute, then the coverage is $424,000 per person and a $1,195,000 aggregate claim. The Pool is reinsured for 80% of the first $250,000 of all claims and 100% for claims in excess of $250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage. A summary of audited statutory basis financial information for the Pool can be found here: https://www.csdpool.org/financials

B. Commitments and Contingencies

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that they are not aware of any material outstanding claims against the District at December 31, 2025.

C. Related Parties

The Developer's representatives make up the majority of the members of the Board of Directors. The Developer operating and capital advances through December 31, 2025 aggregated to $909,798.

V. Agreements

A. Funding and Reimbursement Agreement

On December 20, 2023, the District entered into a Funding and Reimbursement Agreement (the "Agreement") with Toll Southwest, LLC ("Toll Southwest") to provide financial assistance for the District's operating activities. Under the terms of the Agreement, Toll Southwest has committed to advance up to $75,000 per annum for two years, with a cumulative cap of $150,000, to support the District's general operations. The terms and conditions of these advances are further detailed in Note III.C.2. The Agreement automatically renews for additional one-year terms, unless Toll Southwest provides written notice of cancellation to the District at least 30 days prior to December 31 of any given year.

V. Agreements (continued)

B. Infrastructure Acquisition and Reimbursement Agreement

On April 23, 2024, the District entered into the Infrastructure Acquisition and Reimbursement Agreement (the “Agreement”) with Toll Southwest, LLC (“Toll Southwest”) to provide funding for certain public infrastructure improvements in anticipation of future revenues. Under the terms of the agreement, Toll Southwest has advanced funds to the District to cover eligible costs related to infrastructure, including water, sewer, storm drainage, road improvements, and other public facilities as authorized by the District’s Service Plan. Terms of the capital advances under this agreement are detailed under Note III.C.2.

REQUIRED SUPPLEMENTARY INFORMATION

Rock Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - General Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Property taxes	12,063	12,063	7,384	(4,679)	5,425
Specific ownership taxes	1,206	1,206	1,156	(50)	509
Interest income	500	500	491	(9)	659
Total Revenues	13,769	13,769	9,031	(4,738)	6,593
Expenditures:					
General government:					
Insurance	4,500	4,500	2,626	1,874	2,076
Accounting and auditing	20,000	42,000	49,123	(7,123)	12,672
Legal	20,000	40,000	31,205	8,795	29,037
Elections	3,000	3,000	1,806	1,194	459
Treasurer fees	181	181	181	-	81
Miscellaneous	2,000	2,000	2,424	(424)	905
Contingency	319	40,000	-	40,000	-
Total Expenditures	50,000	131,681	87,365	44,316	45,230
Other Financing Sources:					
Developer advances	36,531	104,000	59,000	(45,000)	59,635
Total Other Financing Sources	36,531	104,000	59,000	(45,000)	59,635
Net Change in Fund Balance	300	(13,912)	(19,334)	(5,422)	20,998
Fund Balance - Beginning	200	24,123	24,123	-	3,125
Fund Balance - Ending	500	10,211	4,789	(5,422)	24,123

Rock Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Operations Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Fees	-	38,350	39,082	732	-
Interest income	-	-	4	4	-
Total Revenues	-	38,350	39,086	736	-
Expenditures:					
General government:					
Accounting and auditing	-	12,500	14,874	(2,374)	-
Management	-	13,000	14,196	(1,196)	-
Trash service	-	3,350	3,144	206	-
Contingency	-	8,500	-	8,500	-
Total Expenditures	-	37,350	32,214	5,136	-
Net Change in Fund Balance	-	1,000	6,872	5,872	-
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	-	1,000	6,872	5,872	-

SUPPLEMENTARY INFORMATION

Rock Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Debt Service Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original & Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Property taxes	60,317	36,921	(23,396)	-
Specific ownership taxes	6,032	5,781	(251)	-
Interest income	10,000	18,400	8,400	-
Total Revenues	76,349	61,102	(15,247)	-
Expenditures:				
General government:				
Management	905	905	-	-
Bank and trustee fees	7,000	1,033	5,967	-
Debt service:				
Interest payments	113,262	110,805	2,457	-
Contingency	8,833	-	8,833	
Total Expenditures	130,000	112,743	17,257	-
Other Financing Sources:				
Transfers in	478,039	467,266	(10,773)	-
Total Other Financing Sources	478,039	467,266	(10,773)	-
Net Change in Fund Balance	424,388	415,625	(8,763)	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	424,388	415,625	(8,763)	-

Rock Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Capital Projects Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original & Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Interest income	-	136	136	-
Total Revenues	-	136	136	-
Expenditures:				
General government:				
Accounting and auditing	1,000	-	1,000	-
Bank fees	-	7	(7)	-
Public works:				
Engineering	-	1,020	(1,020)	6,423
Debt Service:				
Cost of issuance	368,630	364,695	3,935	-
Developer Repayment	2,595,331	2,411,139	184,192	-
Capital outlay	5,000,000	3,144,938	1,855,062	-
Total Expenditures	7,964,961	5,921,799	2,043,162	6,423
Other Financing Sources:				
Bond proceeds	3,442,000	3,245,000	(197,000)	-
Developer advances	5,001,000	3,144,938	(1,856,062)	13,792
Transfers (out)	(478,039)	(467,266)	10,773	-
Total Other Financing Sources	7,964,961	5,922,672	(2,042,289)	13,792
Net Change in Fund Balance	-	1,009	1,009	7,369
Fund Balance - Beginning	-	-	-	(7,369)
Fund Balance - Ending	-	1,009	1,009	-