SOUTH BEEBE DRAW METROPOLITAN DISTRICT
ADAMS COUNTY AND WELD COUNTY, COLORADO

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
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THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
South Beebe Draw Metropolitan District
Adams and Weld Counties, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Beebe Draw 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 South Beebe Draw Metropolitan District, as of December 31, 2025, and the respective changes in financial position 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 Auditors' 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.

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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.

Auditors' 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 auditors' 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

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that governmental 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, and 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 budgetary comparison schedules as listed in the table of contents are presented for purposes of additional analysis and are 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 budgetary comparison schedules are 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 comprises the schedule of debt service requirements to maturity and schedule of assessed valuation, mill levy, and property taxes collected but does not include the basic financial statements and our auditors' 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.

The Adams Group, LLC

Greenwood Village, Colorado
June 11, 2026

BASIC FINANCIAL STATEMENTS

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Cash Equivalents - Unrestricted	$ 14,909,278
Cash and Cash Equivalents - Restricted	16,497,941
Sales Tax Receivable	239,522
Storm Drainage Recievable - Net of Allowance	325,630
Prepaid insurance	7,369
Property Tax Receivable	3,097,454
Capital Assets:	
Capital Assets Not Being Depreciated	5,175,131
Capital Assets Net of Depreciation	13,106,407
Total Assets	53,358,732
LIABILITIES	
Accounts Payable	164,198
Other Current Liability	16,660
Prepaid Storm Drainage Fees	43,006
Accrued interest	21,491
Noncurrent Liabilities:	
Due Within One Year	1,702,220
Due in More Than One Year	10,625,893
Total Liabilities	12,573,468
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax	3,097,454
Total Deferred Inflows of Resources	3,097,454
NET POSITION	
Net Investment in Capital Assets	16,579,318
Restricted for:	
Emergency Reserve	231,700
Debt Service	2,023,889
Capital Projects	14,395,307
Net Position - Unrestricted	4,457,596
Total Net Position	$ 37,687,810

See accompanying Notes to Basic Financial Statements.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position: Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 8,885,538	$ 3,679,984	$ 1,295,797	$ -	$ (3,909,757)
Interest on Long-Term Debt and Related Costs	458,472	-	-	-	(458,472)
Total Governmental Activities	$ 9,344,010	$ 3,679,984	$ 1,295,797	$ -	(4,368,229)
GENERAL REVENUES					
Property taxes					5,199,803
Specific ownership taxes					210,653
Sales and Use Taxes					1,648,001
Other Revenue					21,201
Interest income					1,388,963
Total General Revenues					8,468,621
CHANGES IN NET POSITION					4,100,392
Net Position - Beginning of Year					33,587,418
NET POSITION - END OF YEAR					$ 37,687,810

See accompanying Notes to Basic Financial Statements.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents - Unrestricted	$ 3,393,816	$ 5,902,498	$ -	$ 5,612,964	$ 14,909,278
Cash and Cash Equivalents - Restricted	170,300	61,400	1,918,898	14,347,343	16,497,941
Sales Tax Receivable	-	-	239,522	-	239,522
Storm Drainage Recievable	-	325,630	-	-	325,630
Prepaid insurance	7,369	-	-	-	7,369
Property Tax Receivable	3,097,454	-	-	-	3,097,454
Total Assets	$ 6,668,939	$ 6,289,528	$ 2,158,420	$ 19,960,307	$ 35,077,194
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 88,983	$ 75,215	$ -	$ -	$ 164,198
Prepaid Storm Drainage Fees	-	43,006	-	-	43,006
Other Current Liability	-	-	16,660	-	16,660
Total Liabilities	88,983	118,221	16,660	-	223,864
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax	3,097,454	-	-	-	3,097,454
Deferred storm drainage fees	-	235,941	-	-	235,941
Total Deferred Inflows of Resources	3,097,454	235,941	-	-	3,333,395
FUND BALANCES					
Nonspendable:					
Prepaid Expense	7,369	-	-	-	7,369
Restricted for:					
Emergency Reserves	170,300	61,400	-	-	231,700
Debt Service	-	-	2,141,760	-	2,141,760
Capital Projects	-	-	-	14,960,307	14,960,307
Committed:					
Capital Projects	-	-	-	5,000,000	5,000,000
Assigned to:					
Operations	367,529	5,873,966	-	-	6,241,495
Unassigned	2,937,304	-	-	-	2,937,304
Total Fund Balances	3,482,502	5,935,366	2,141,760	19,960,307	31,519,935
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,668,939	$ 6,289,528	$ 2,158,420	$ 19,960,307	

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.	18,281,538
Revenues not collected within a period of availability are not reported as revenues in governmental funds, however, are revenues in the statement of activities.	
Deferred storm drainage fees	235,941
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest	(117,871)
Bonds payable	(10,529,513)
Notes payable	(1,702,220)
Net Position of Governmental Activities	$ 37,687,810

See accompanying Notes to Basic Financial Statements.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property taxes	$ 5,199,803	$ -	$ -	$ -	$ 5,199,803
Specific ownership taxes	210,653	-	-	-	210,653
Sales and use taxes	-	-	1,648,001	-	1,648,001
Storm drainage service fees	-	1,847,227	978,775	-	2,826,002
Interest income	246,143	197,901	120,626	824,293	1,388,963
Miscellaneous revenue	19,388	-	-	-	19,388
IGA revenue - Alt 5	-	-	730,797	-	730,797
IGA revenue - BP3	-	-	-	565,000	565,000
Severance tax	1,813	-	-	-	1,813
Easement fees	-	-	303,520	-	303,520
Water tap fees	-	-	-	41,400	41,400
Sewer tap fees	-	-	386,080	-	386,080
Plan / Admin Fees	-	-	-	30,320	30,320
Total Revenues	5,677,800	2,045,128	4,167,799	1,461,013	13,351,740
EXPENDITURES					
Current:					
Accounting	139,429	321,081	-	-	460,510
Accounting consulting	85,925	-	-	-	85,925
Auditing	14,500	-	-	-	14,500
Banking fees	24	-	-	-	24
Consulting	134,703	-	-	-	134,703
County Treasurer's fee	77,997	2,985	-	-	80,982
Credit card fees	-	23	-	-	23
Directors' fees	4,700	-	-	-	4,700
District management	191,054	138,242	-	-	329,296
Dues and membership	1,238	-	-	-	1,238
Easement expenses	-	75,282	50,662	-	125,944
Engineering	10,030	69,821	-	-	79,851
Insurance	9,800	-	-	-	9,800
Intergovernmental Expenditures	5,685,327	-	-	-	5,685,327
Legal	218,535	-	-	-	218,535
Miscellaneous	1,344	3,524	5	-	4,873
Payroll taxes	360	-	-	-	360
Repairs and maintenance	-	193,175	-	-	193,175
Settlement expenditures	1,000,000	-	-	-	1,000,000
Debt Service:					
Note interest	-	-	169,807	-	169,807
Bond Interest - 2023	-	-	526,774	-	526,774
Bond Interest - 2025	5,417	-	-	-	5,417
Note principal	-	-	1,660,297	-	1,660,297
Bond Principal - 2023	-	-	204,023	-	204,023
Bond Principal - 2025	266,464	-	-	-	266,464
Paying agent fees	-	-	1,500	-	1,500
Total Expenditures	7,846,847	804,133	2,613,068	-	11,264,048
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,169,047)	1,240,995	1,554,731	1,461,013	2,087,692
OTHER FINANCING SOURCES (USES)					
Bonds proceeds	4,000,000	-	-	-	4,000,000
Transfers In (Out)	2,000,000	-	(2,000,000)	-	-
Total Other Financing Sources (Uses)	6,000,000	-	(2,000,000)	-	4,000,000
NET CHANGE IN FUND BALANCES	3,830,953	1,240,995	(445,269)	1,461,013	6,087,692
Fund Balances - Beginning	(348,451)	4,694,371	2,587,029	18,499,294	25,432,243
FUND BALANCES - END OF YEAR	$ 3,482,502	$ 5,935,366	$ 2,141,760	$ 19,960,307	$ 31,519,935

See accompanying Notes to Basic Financial Statements.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 6,087,692
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.	
Depreciation Expense	(455,772)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.	
Bond Proceeds	(4,000,000)
Principal Paid	2,130,784
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	
Change In Deferred Storm Drainage Fees	92,662
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.	
Accrued Interest Payable - Change in Liability	245,026
Changes in Net Position of Governmental Activities	$ 4,100,392

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

South Beebe Draw Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on April 23, 1985 and is governed pursuant to provisions of the Colorado Special District Act. The District was organized in Adams County, Colorado, and its boundaries extend into Weld County. The District is one of six contiguous districts – the District, Bromley Park Metropolitan District Nos. 2, 3, 5 and 6 and Brighton Crossing Metropolitan District No. 4 (the Districts, BPMD Nos. 2, 3, 5 or 6 and BC). The District, BPMD Nos. 2 and 3 and BC are participants in the Annexation Agreement, as amended (Annexation Agreement), between the City of Brighton (City) and the then current developer of the majority of the property within the Districts, BPK Holdings, LLC (BPK). BPMD Nos. 5 and 6 were formed in 2000, and both BPMD Nos. 5 and 6, with the exception of a few parcels, are mostly located in the City. BPMD Nos. 5 and 6 are participating in the Annexation Agreement, as amended.

Pursuant to the Intergovernmental Agreement Regarding Sales and Use Taxes (Sales and Use Tax IGA) entered into on August 4, 1995, between BPK, the District, BPMD Nos. 2 and 3 and BC, the District was designated by BPK to receive and administer all sales and use taxes remitted under the Annexation Agreement, as amended, by the City and to apply the receipts to the common benefit of BPMD No. 2 and 3 and BC, and later, under separate agreements, to the benefit of BPMD Nos. 5 and 6 and Adams East Metropolitan District (Adams East) as revenue pledged for debt service on bonds which funded improvements within those districts and benefitted all Districts.

On March 21, 2000, and amended on July 21, 2004, the District, BPMD Nos. 2 and 3 and BC entered into an Inter-district Regional Facilities Intergovernmental Agreement, which expanded the responsibilities of the District to include coordination of construction, operation, and maintenance of regional facilities with ownership retained by the District. Funding for the regional facilities are from certain fees collected by BPMD Nos. 2 and 3 and BC and transferred to the District (see Note 8).

The District was established principally to provide water, sanitary sewer, and storm drainage services, and to provide for the construction, installation, financing, operation and maintenance of streets, park and recreation, mosquito control, transportation and television relay systems and improvements, in addition to the water, sanitary sewer and storm drainage improvements to areas within and outside the boundaries of the District.

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

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.

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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 is not financially accountable for any other District 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 taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

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 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 and sales 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 Storm Drainage Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with storm drainage 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 is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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 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, sale 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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include equipment and infrastructure assets (e.g. wells, storm drainage and similar items), are reported as a governmental activity in the government-wide financial statements. Such assets are recorded at acquisition value or estimated acquisition value if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. It is the District's policy to capitalize those assets with a cost or value of $5,000 or more.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Land, easements, and water rights are not depreciated. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Asset Class	Useful Life
Storm Drainage	40 Years
Water Wells	50 Years
Equipment	10 Years

Certain capital assets constructed by the District in prior years have been conveyed to other governmental entities.

Long Term Obligations

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

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 two items that qualifies for reporting in this category. Accordingly, *deferred property tax revenue and deferred storm drainage revenue,* are 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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

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

Adoption of New Accounting Standards

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and Investments	$ 14,909,278
Cash and Investments - Restricted	16,497,941
Total Cash and Investments	$ 31,407,219

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

Deposits with Financial Institutions	$ 1,284,621
Investments	30,122,598
Total Cash and Investments	$ 31,407,219

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, 2025, the District had a bank balance of $1,284,621 and a carrying balance of $1,284,621.

Investments

The District has adopted an investment policy by which it 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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 of the World Bank
. Certain international agency securities
. 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 collateralized by certain authorized securities
. Certain money market funds
. Guaranteed investment contracts
* Local government investment pools

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	$ 23,931,661
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	6,190,937
		$ 30,122,598

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operated similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Easements	$ 4,387,864	$ -	$ -	$ 4,387,864
Water Rights	787,267	-	-	787,267
Total Capital Assets, Not Being Depreciated	5,175,131	-	-	5,175,131
Capital Assets, Being Depreciated:				
Fixed Assets - Storm Drainage	17,246,713	-	-	17,246,713
Fixed Assets - Water Wells	1,230,217	-	-	1,230,217
Fixed Assets - Equipment	33,188	-	-	33,188
Total Capital Assets, Being Depreciated	18,510,118	-	-	18,510,118
Less Accumulated Depreciation for:				
Accumulated Depreciation - Storm Drainage	4,262,775	431,168	-	4,693,943
Accumulated Depreciation - Water Wells	651,976	24,604	-	676,580
Accumulated Depreciation - Equipment	33,188	-	-	33,188
Total Accumulated Depreciation	4,947,939	455,772	-	5,403,711
Total Capital Assets, Being Depreciated, Net	13,562,179	(455,772)	-	13,106,407
Governmental Activities Capital Assets, Net	$ 18,737,310	$ (455,772)	$ -	$ 18,281,538

The District has conveyed water, sewer, and street infrastructure to the City for maintenance and ownership. The District will own and maintain its water wells, as well as the regional storm drainage infrastructure.

Total depreciation expense charged to the governmental functions/programs of the District for the year ended December 31, 2025 was $455,772.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2025.

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
Special Obligation Bonds:					
Series 2023	$ 7,000,000	$ -	$ 204,023	$ 6,795,977	$ -
Special Obligation Bonds:					
Series 2025	-	4,000,000	266,464	3,733,536	-
Accrued Interest:					
Series 2023	320,875	269,611	526,774	63,712	-
Series 2025	-	38,085	5,417	32,668	
Subtotal Bonds Payable	7,320,875	4,307,696	1,002,678	10,625,893	-
Notes/Loans/Bonds from Direct Borrowings and Direct Placements:					
Series 2018 Note Payable	3,362,517	-	1,660,297	1,702,220	1,702,220
Total Long-Term Obligations	$ 10,683,392	$ 4,307,696	$ 2,662,975	$ 12,328,113	$ 1,702,220

Business-Type Activities

<u>Refunding and Improvement Revenue Note, Series 2018</u>

On October 1, 2018, the District authorized the issuance of its Refunding and Improvement Revenue Note, Series 2018 (Series 2018 Note) in the amount of $12,500,000. The Series 2018 Note was issued for the purpose of (i) payment of the 2004 Series Bonds, Series 2010 Note Certificates and advance and reimbursement obligations, (ii) financing the costs of design, construction and funding of certain public improvements within and without the boundaries of the District and (iii) payment of costs in connection with the issuance of the Series 2018 Note.

The Series 2018 Note is secured by and payable solely from pledged revenues, which include sales and use taxes received pursuant to the Annexation Agreement, storm drainage facility fees (net of amounts due under the obligation to Weld County Drainage, LLC as discussed in Note 8) and sewer line connections fees, all net of amounts needed for operation and maintenance expenses. Additional revenues may be designated by the District to be pledged revenues if needed to maintain a coverage ratio of at least 1.25 to 1.0 at the end of each fiscal year.

The Series 2018 Note bears interest, payable semi-annually on April 1 and October 1, of 5.05%. Principal payments on the Series 2018 Note are due annually on October 1 and the Series 2018 Note matures on October 1, 2026.

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Refunding and Improvement Revenue Note, Series 2018 (Continued)

The Series 2018 Note bears interest, payable semi-annually on April 1 and October 1, of 5.05%. Principal payments on the Series 2018 Note are due annually on October 1 and the Series 2018 Note matures on October 1, 2026.

Significant events of default under the Series 2018 Note include (i) failure to pay principal and interest when due, (ii) failure to apply required pledged revenues, (iii) failure to meet financial or custodial agreement covenants, (iv) legal proceedings including bankruptcy, insolvency, reorganization, etc. as described in the Series 2018 Note agreement, (v) qualified audit opinion with respect to the District's status as an on-going concern and (vi) judgements against the District or proceedings to dissolve the District or consolidate the District where the District would cease to exist.

Immediately upon the occurrence of an event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the Series 2018 Note balance shall bear interest at the default rate of the sum of the fixed rate plus 4.0%.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the Series 2018 Note:

Year Ended December 31,	Principal	Interest	Total
2026	$ 1,702,220	$ 85,962	$ 1,788,182

Special Obligation Bonds, Series 2023

On February 7, 2023 the District authorized the issuance of its Series 2023, Special Obligation Bonds in the amount of $7,000,000. The Series 2023 Bonds consist of two fully registered Bonds without coupons in the aggregate principal amount not to exceed $7,000,000. The R-1 Bond will be issued to Verdad and the R-2 Bond will be issued to Monte Peak.

The Bonds are payable solely from the Pledged Revenue. Upon receipt of the Tax Notification, all Pledged Revenue shall be deposited in the R-1 Verdad Fund and the R-2 Monte Peak Fund upon receipt in amounts proportional to the tax payments made by or on behalf of Verdad and Monte Peak and retained until the Payment Date. The inability of the District to pay principal and interest on the Series 2023 Bonds will not, of itself, constitute an Event of Default, provided that the District has timely paid all Pledged Revenue toward payment on the Series 2023 Bonds annually. Any Pledged Revenue that is not paid when due will accrue interest at the Default Rate compounded annually starting on October 16 of each year until paid. The Bonds will be deemed to be fully defeased, paid, satisfied, and discharged upon the payment by the District of all remaining Pledged Revenue on the Maturity Date. Pledged Revenues consist of funds transferred to the district from Altamira Metropolitan District No. 5 per the IGA regarding property taxes between the two districts. Specific details on the IGA regarding property taxes are disclosed in Note 8.

The Series 2023 Bonds bears interest of 3.75%, principal and interest are payable annually on October 15 of every year.

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Special Obligation Bond Series 2025

On September 25, 2025, the South Beebe Draw Metropolitan District (the "District") issued a Special Obligation Bond, Series 2025, in the original principal amount of $4,000,000. The bonds were a requirement of the District's settlement and release agreement with Civitas Resources, Inc. (Civitas) (Note 9). The bond bears interest at a fixed rate of 3.75% per annum and matures on December 31, 2044. The bond was issued to fund obligations under a Settlement Agreement and is payable solely from Pledged Revenues collected through tax year 2043. Pledged revenues consist of an amount equal to 30% of the property taxes paid to the District attributable to Civitas's oil and gas production and related to property interest at the property, net of any cost of collection attributable pro rata to that 30%.

Principal and interest payments commenced on October 15, 2025, and are made annually. The bond does not carry a minimum or maximum principal redemption requirement and is deemed fully satisfied upon payment of all Pledged Revenues collected or that should have been collected through the maturity date, regardless of the actual amount of principal and interest paid.

Authorized Debt

On November 5, 2024, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $2,400,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2025, the District had authorized but unissued indebtedness of $2,396,000,000.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets that are recorded by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

As of December 31, 2025, the District had a net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	$ 18,281,538
Capital Related Debt	(1,702,220)
Net Investment in Capital Assets	$ 16,579,318

NOTE 6 NET POSITION (CONTINUED)

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The District had restricted net position at December 31, 2025 as follows:

Restricted Net Position:	
Emergency Reserve	$ 231,700
Debt Service	2,023,889
Capital Projects	14,395,307
Total Restricted Net Position	$ 16,650,896

NOTE 7 RELATED PARTIES

The members of the board of directors of the District, BPMD Nos. 3, 5 and 6, Adams East, and United Water and Sanitation District are employees of, owners of, or associated with BPK and/or The Bromley Companies, L.L.C., and/or Bromley Park Industrial Land Company, LLC, and/or Equity Exchange, LLC, and/or RAL Holdings, and /or WCD Corporation, and/or Weld County Drainage, LLC, and/or The Theodore R. Shipman Living Trust, and/or 70 Ranch, LLC, and/or 70 Ranch Holdings, LLC, and/or Red Tierra Equities, LLC (collectively referred to herein as the Affiliates) and may have conflicts of interest in dealing with the District. Specific details of transactions with the Affiliates regarding organization, advances and debt are described elsewhere in these footnotes.

NOTE 8 INTERGOVERNMENTAL AGREEMENTS

City of Brighton

Pursuant to (1) the Annexation Agreement, as amended by the first, second, third and fourth amendments, among BPK, the City, the District, BPMD Nos. 2 and 3 and BC, (2) Agreement 2 among BPK, the City, Adams County, the District and BC, and (3) the Interdistrict IGA, as amended, among the District, BPMD Nos. 2 and 3 and BC (see Note 1), the parties have the following mutual responsibilities:

In general, the Districts and BPK or assignees are to install improvements and transfer the installed facilities, except for certain specified improvements, to the City for ownership, maintenance, and operation.

Streets - Bromley Lane was jointly funded by the City, BPK, and the Districts. The City will reimburse BPK over five years for certain sections or require landowners to pay their share upon annexation. The Districts will fund their portions as development progresses. In 2001, BC assigned median planting and maintenance to BPMD No. 5. The City may reimburse the Districts for street construction completed by BPK or the Districts. The Districts also agree to perform street reconstruction and overlays as requested, contingent on continued sales and use tax remittance by the City.

NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

City of Brighton (Continued)

Water – On May 28, 1996, a third amendment to the Annexation Agreement was completed which stipulated that the City would provide water service to the Bromley Park Property to full development as determined under the Phase Master Plans under certain conditions. Of the City's water plant investment fee, $300 is paid to or retained by the District. In consideration of the developer designing all irrigation systems after December 8, 1998, so that they are capable of being converted to a non-potable water system, the City will provide water taps for certain public areas at no charge.

Sewer – The City is to provide sewage collection and treatment capacity to the full development of the Bromley Park Property. Pursuant to the fourth amendment to the Annexation Agreement, dated October 24, 1997, the City has fulfilled its obligation to provide wastewater treatment facilities for the property draining into the Beebe Draw Basin by execution of the Beebe Draw Wastewater Service Agreement with the Town.

The City remains obligated to provide transmission and treatment service to the property draining in the South Platte Basin. The District or BPK is obligated to install, at its expense, all sanitary sewer collection and transmission lines and facilities as stipulated in the Sanitary Sewer Master Plan.

Storm Drainage – Pursuant to the Annexation Agreement, as amended, the City agrees to provide all offsite storm drainage improvements for the Bromley Park Property. The third amendment to the Annexation Agreement provides that the District may undertake to provide storm drainage to property within the District, District Nos. 2 and 3 and BC, as well as adjoining properties.

In such event, the District would pay for offsite improvements and the City shall forego collecting drainage fees and reimbursement. The Districts and/or BPK are to construct all onsite storm drainage improvements.

Sales and Use Tax – Pursuant to the Annexation Agreement, as amended, the City agrees to remit annually one third (1/3) of the sales and use taxes (excluding the .75% recreation sales and use tax) generated and collected within the Bromley Park Property (as defined in the second amendment to Annexation Agreement) to the District. The City's obligation to remit the sales and use taxes continues until the earlier of the retirement date of all of the Districts' outstanding debt related to the funding of facilities and services within the Districts' service area or 40 years from the date of the agreement. The Annexation Agreement was republished on November 4, 1997 by way of a fourth amendment to such agreement. The sales and use tax IGA and the Inter-district IGA, as amended, allow for the sharing of this revenue among the District, BPMD Nos. 2 and 3, and BC. Pursuant to the sales and use tax IGA, the use of funds is determined by the Board of Directors of the District (see Note 1).

NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Amended and Restated Storm Drainage Management Agreement

On March 19, 1997, the District, the Beebe Draw Drainage Company, LLC (later converted to the Beebe Draw Drainage Partnership) and the Farmers Reservoir and Irrigation Company (FRICO) entered into the Storm Drainage Management Agreement, as amended on March 7, 2000, wherein the District acquired the right to discharge storm water from defined property within the District, BPMD Nos. 2 and 3, BC and the Beebe Draw Drainage area into the storm drainage and maintenance facilities owned and operated by Beebe Draw Drainage Company, LLC. The District agreed to collect and pay certain fees to FRICO to defray the cost of drainage improvements required to serve the Property, as described in the Storm Drainage Management Agreement.

On April 13, 2004, the District entered into a Global Settlement Agreement whereby the Storm Drainage Management Agreement of March 19, 1997, was replaced and superseded by an Amended and Restated Storm Drainage Management Agreement (Amended and Restated Agreement) entered into by Weld County Drainage, LLC, FRICO and the District. Under this Amended and Restated Agreement, generally 80% of the District's storm drainage development fee is pledged to the payment of debt related to the Series 2004 Bonds. The Series 2004 Bonds were refunded in 2018 through the issuance of new debt (see Note 5). Therefore, 80% of the storm drainage development fee continues to be allocable to the portion of new debt related to the payment of the Series 2004 bonds.

During 2025, the amount of the storm drainage development fee pledged towards the payment of debt was $880 per lot and $13,672 per acre. The storm drainage development fee is adjusted annually for increases in the Consumer Price Index.

The remaining 20% of the storm drainage development fee includes $176 per lot and $3,418 per acre which is payable to Weld County Drainage, LLC for the payment of a storm drainage easement fee.

Infrastructure and System Development Fees

The District can impose certain infrastructure and system development fees on property within the District. Pursuant to a Development Agreement between the District, BPMD No. 2 and the City dated April 17, 1998, and a Joint Resolution of the District, BPMD Nos. 2 and 3 and BC dated March 7, 2000, the City agreed to collect an infrastructure fee of not less than $1,000 and a system development fee of not less than $1,250 upon issuance of a building permit for each single-family home. The Districts agree to use the system development fees for public improvements such as the construction of parks, street crossings and traffic improvements. For the year ended December 31, 2025, the infrastructure fee was $2,483 per unit for single family attached, single family detached, and low-density multi-family units, and the system development fee was $2,851 per single family attached, single family detached, low density multi-family and high-density multi-family units.

NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Northeast Regional Infrastructure Project Agreement

In 2002 the State of Colorado approved the Northeast Regional Infrastructure Plan-Beebe Draw to be included in the Adams County Enterprise Zone Development Plan, of which certain projects of the District are included. Pursuant to the Northeast Regional Infrastructure Project Agreement between the District and Adams County Economic Development, Inc. (ACED), the District may receive contributions from developers in lieu of developer fees. The contributions may be claimed as tax credits by the contributing developers.

Cost Sharing Infrastructure Agreement

Effective January 1, 2020, the District and BPMD No. 5 entered into a Cost Sharing Intergovernmental Agreement (CSIA) to designate funds and allocate responsibilities for the financing and construction of public improvements for certain projects to provide efficiencies of scale and cost by collaborating and sharing costs for those certain projects which benefits both districts.

Cost Sharing Infrastructure Agreement

The CSIA terminates on December 31 of each calendar year, but automatically renews for an additional one-year term unless notice of intent to terminate the CSIA is provided by either district prior to October 1 of any contract year. Neither party provided a notice of intent to terminate during the 2025 calendar year, so the CSIA automatically renewed for one year beginning January 1, 2026.

Agreement Regarding Funding of Regional Storm Drainage Infrastructure

Effective December 24, 2019, the District and BPMD No. 6 entered into an Intergovernmental Agreement Regarding Funding of Regional Storm Drainage Infrastructure Agreement (Storm Drainage IGA) to set forth the terms upon which BPMD No. 6 will remit funds to the District for the purpose of helping the District recover the costs of completed and future regional storm drainage infrastructure and facilities that benefits BPMD No. 6. The District received $0 as part of this agreement during the year ended December 31, 2025.

Platte River Water Development Authority

On April 22, 2010, Sand Hills Metropolitan District (Sand Hills), now dissolved, and United Water & Sanitation District (United) entered into a contract to form the Platte River Water Development Authority (PRWDA), a water resource authority, for the purpose of establishing a process for the financing, design, construction, acquisition, operation, maintenance and use of water facilities and services. On April 27, 2011, the members approved an amended contract for the purpose of adding the District as a party to the amended contract

Contributions to PRWDA, United and the District will be agreed upon from time to time by all parties based on funding needs. During the year ended December 31, 2025, the District paid $650,000 to PRWDA.

NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Weld Adams Water Development Authority

On September 6, 2017, the District and United entered into a contract to form the Weld Adams Water Development Authority (WAWDA), a water resource authority, for the purpose of establishing a process for the financing, design, construction, acquisition, operation, maintenance and use of water facilities and services.

Under the establishing contract for WAWDA, the District and United agreed to transfer certain assets to WAWDA in acknowledgement for certain assets, contracts and budgeted projects assigned to WAWDA from PRWDA. Future contributions to WAWDA by the District and United will be agreed upon from time to time by all parties based on funding needs.

Under the agreement, WAWDA could require other users of the 70 Ranch Reservoir to contribute to the construction costs and could reimburse each district according to their pro rata contributions to the construction costs. During the year ended December 31, 2025, the District paid $0 to WAWDA.

Intergovernmental Agreement for Project Improvements

Effective June 27, 2023, the District and Bromley Park Metropolitan District No. 3 (BPMD3) entered into an intergovernmental agreement where the BPMD3 will finance improvements within the BPMD3's boundaries and South Beebe will inspect and perform cost certifications for the improvements. If the Estimated Project Cost exceeds the actual cost the District shall fund the excess. No costs were remitted related to this agreement during the year ended December 31, 2025.

Intergovernmental Agreement Regarding Property Taxes

During the year ended December 31, 2023, the District issued Special Obligation Bonds, Series 2023 in the aggregate amount of $7,000,000 (see Note 5) pursuant to a settlement agreement with Verdad Resources. On January 23, 2023, the District and Altamira Metropolitan District No. 5 (ALT5) entered into an agreement whereby ALT5 will remit to the District a portion of property revenue collected by ALT5 from Verdad for purposes of paying the bonds.

United Water and Sanitation District

During the year ended December 31, 2023, the District entered into a Taxable Revenue Refunding Improvement Note, Series 2023 for the purpose of: (1) current refunding the 2023 United Water and Sanitation District (United Water) Note and other United debt; (2) assisting United Water in funding its general operations, maintenance, administration, and capital expenditures; and (3) assisting United Water in financing the acquisition of water, infrastructure, facilities, public improvements, and property in connection with integrated projects.

NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

United Water and Sanitation District (Continued)

Effective January 1, 2024, the District and United Water and Sanitation District (United), together with other Districts and water development authorities, are part of a sophisticated, complex system of local governments that cooperate from time to time on coordinated projects to maximize water resources and storm drainage infrastructure in the most efficient and economical manner. Based upon the integrated nature of the public improvements and projects, the Districts agreed that it is most efficient and cost effective to collaborate in providing the functions, services and facilities related to such public improvements. United will provide the project management, design, construction, administration, operations and management of the public improvements and projects, including the establishment of reserves for future costs or for planned capital expenditures and for the payment of debt and other obligations. The District will provide the financing and remit certain portions of its property tax revenue to United. This intergovernmental agreement is a multiple year fiscal obligation, and it is anticipated that up to approximately $8,000,000 of intergovernmental agreement authorized debt could be used in 2025 to support this agreement. The District will report in future years the annual and cumulative intergovernmental agreement authorized debt used. As of December 31, 2025, the District has remitted $5,026,747 for purposes outlined.

Other Commitments

As part of a memorandum of Understanding and Settlement Agreement entered into with a Developer on April 23, 2024 the District agreed to reimburse 50% of the costs associated with certain storm drainage improvements up to $500,000.

Intergovernmental Agreement for Project Improvements (Southern Street Channelization Project)

On February 1, 2025 the District entered into an Intergovernmental agreement with Bromley Park Metropolitan District No. 3. (BP3) for the southern street channelization project. This agreement involves funding the construction and installation of local and regional storm drainage systems and facilities. The total estimated cost of the project is $565,000, with the BP3 funding the design and construction and the District providing project management services.

NOTE 9 AGREEMENTS

Settlement and release agreement (Civitas)

On June 13th, 2025 the District entered into a settlement and release agreement with Civitas Resources, Inc. (Civitas). As part of the agreement South Beebe refunded 50% of Civitas's 2023 property taxes paid to the District in the amount of $1,087,065 during 2025. The agreement also stipulated that the District shall issue a Bond to Civitas (Note 5) and shall refund 30% of Civitas's future property taxes net of collection fees as payments on the bond.

NOTE 9 AGREEMENTS (CONTINUED)

Settlement and release agreement (Confluence)

On June 13th, 2025 the District entered into a settlement and release agreement with Confluence DJ LLC (Confluence). As a part of the agreement the District refunded 100% of Confluences 2023 property taxes, half of the interest earnings on the 2023 property taxes net of fees, and 50% of Confluence's 2024 property taxes totaling $5,169,926 during 2025. The District shall retain 100% of the 2025 property taxes received from Confluence and continuing thereafter.

NOTE 10 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation 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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 11 TAX, SPENDING, AND DEBT LIMITATION

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.

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.

NOTE 11 TAX, SPENDING, AND DEBT LIMITATION (CONTINUED)

In November 1994, a majority of the District's electors authorized the District to collect and spend or retain in reserve taxes of $500,000 annually up to 40 mills and other revenue up to $14,725,000 annually without regard to any limitations imposed by TABOR.

The electors also authorized the District to collect, retain, and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR. This authorization was re-voted on May 4, 2004, November 6, 2007, November 4, 2014, November 3, 2020, November 7, 2023, and November 5, 2024 by eligible electors of the District.

In November 2014, the District’s eligible electors authorized the District to increase taxes $25,000,000 annually or by a lesser annual amount as necessary to pay the District’s operations, maintenance, and other expenses, without limitation of mill levy and without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, C.R.S. The eligible electors also authorized the District to collect, retain and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR.

In November 2021, the District’s eligible electors authorized the District to increase taxes $25,000,000 annually or by a lesser annual amount as necessary to pay the District’s operations, maintenance, and other expenses, without limitation of mill levy and without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, C.R.S.

On November 5,2024, a majority of the District’s electors authorized the District to collect, retain or spend ad valorem property taxes of $25,000,000 annually generated from a mill levy of not more than 99.000 mills for District operations and maintenance. The electors also authorized the District to collect, retain, and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR or Section 29-1-301, C.R.S. Additionally, electors waived the 5.25% property tax limit established in Section 29-1-1702, C.R.S., for 2025 and all future property tax years. The electors also approved mill levy increases for 2025 and subsequent tax years pursuant to Section 29-1-1705(2)(a), C.R.S., and the exclusion of tax revenue attributable to such increases from any applicable property tax limits in accordance with Section 29-1-1701(3)(i), C.R.S., as it currently exists or may be amended in the future.

On November 4, 2025, a majority of the District’s electors authorized the District to collect, retain or spend ad valorem property taxes annually generated from a mill levy of any number of mills for District operations and maintenance. The electors also authorized the District to collect, retain, and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR or Section 29-1-301, C.R.S. electors waived the 5.25% property tax limit established in Section 29-1-1702, C.R.S., for 2025, and all future property tax years. The electors also approved mill levy increases for 2025, and subsequent years pursuant to Section 29-1-1705(2)(a), C.R.S., and the exclusion of tax revenue attributable to such increases from any applicable property tax limits in accordance with Section 29-1-1701(3)(i), C.R.S., as it currently exists or may be amended in the future.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
GENERAL FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$ 5,199,804	$ 5,199,803	$ (1)
Specific ownership taxes	207,991	210,653	2,662
Interest income	200,000	246,143	46,143
Miscellaneous revenue	35,000	19,388	(15,612)
Severance tax	-	1,813	1,813
Total Revenues	5,642,795	5,677,800	35,005
EXPENDITURES			
Accounting	130,000	139,429	(9,429)
Accounting consulting	125,000	85,925	39,075
Auditing	15,500	14,500	1,000
Banking fees	500	24	476
Consulting	75,000	134,703	(59,703)
County Treasurer's fee	166,274	77,997	88,277
Directors' fees	7,500	4,700	2,800
District management	225,000	191,054	33,946
Dues and membership	2,500	1,238	1,262
Engineering	35,000	10,030	24,970
Insurance	10,000	9,800	200
Intergovernmental Expenditures	9,850,000	5,685,327	4,164,673
Legal	350,000	218,535	131,465
Miscellaneous	5,000	1,344	3,656
Contingency	12,426	-	12,426
Bond Interest - 2025	-	5,417	(5,417)
Bond Principal - 2025	-	266,464	(266,464)
Payroll taxes	800	360	440
Repairs and maintenance	25,000	-	25,000
Settlement expenditures	-	1,000,000	(1,000,000)
Surveys and locates	5,000	-	5,000
Utilities	500	-	500
Total Expenditures	11,041,000	7,846,847	3,194,153
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,398,205)	(2,169,047)	3,229,158
OTHER FINANCING SOURCES (USES)			
Bonds proceeds	-	4,000,000	4,000,000
Transfers from other funds	1,511,895	2,000,000	488,105
Total Other Financing Sources	1,511,895	6,000,000	4,488,105
NET CHANGE IN FUND BALANCE	(3,886,310)	3,830,953	7,717,263
Fund Balance - Beginning of Year	4,032,165	(348,451)	(4,380,616)
FUND BALANCE - END OF YEAR	$ 145,855	$ 3,482,502	$ 3,336,647

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
SPECIAL REVENUE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Storm drainage service fees	$ 1,920,000	$ 1,847,227	$ (72,773)
Interest income	200,000	197,901	(2,099)
Intergovernmental revenues	565,000	-	(565,000)
Total Revenues	2,685,000	2,045,128	(639,872)
EXPENDITURES			
Accounting	250,000	321,081	(71,081)
County Treasurer's fee	2,000	2,985	(985)
District management	150,000	138,242	11,758
Easement expenses	79,000	75,282	3,718
Engineering	150,000	69,821	80,179
Miscellaneous	-	3,524	(3,524)
Credit card fees	5,000	23	4,977
Repairs and maintenance	175,000	193,175	(18,175)
Capital outlay	2,065,000	-	2,065,000
Total Expenditures	2,876,000	804,133	2,071,867
NET CHANGE IN FUND BALANCE	(191,000)	1,240,995	1,431,995
Fund Balance - Beginning of Year	4,735,907	4,694,371	(41,536)
FUND BALANCE - END OF YEAR	$ 4,544,907	$ 5,935,366	$ 1,390,459

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

SUPPLEMENTARY INFORMATION

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget Original	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	$ 75,000.00	$ 75,000.00	$ 120,626.00	$ 45,626.00
IGA revenue - Alt 5	750,000	750,000	730,797	(19,203)
Storm drainage service fees	700,000	700,000	978,775	278,775
Easement fees	170,000	170,000	303,520	133,520
Sewer tap fees	400,000	400,000	386,080	(13,920)
Sales and Use Tax Revenue	1,200,000	1,200,000	1,070,943	(129,057)
Auto Use Tax Revenue	350,000	350,000	386,343	36,343
Building Use Tax Revenue	500,000	500,000	190,715	(309,285)
Total Revenues	4,145,000	4,145,000	4,167,799	22,799
EXPENDITURES				
Easement expenses	50,000	49,958	50,662	(704)
Paying agent fees	3,000	1,500	1,500	-
Note interest	169,808	169,808	169,807	1
Bond Interest - 2023	534,844	523,496	526,774	(3,278)
Note principal	1,660,297	1,660,297	1,660,297	-
Bond Principal - 2023	215,156	207,301	204,023	3,278
Miscellaneous	-	2,640	5	2,635
Total Expenditures	2,633,105	2,615,000	2,613,068	1,932
EXCESS OF REVENUES OVER EXPENDITURES	1,511,895	1,530,000	1,554,731	24,731
OTHER FINANCING SOURCES (USES)				
Transfers to other fund	(1,511,895)	(2,000,000)	(2,000,000)	-
Total Other Financing Uses	(1,511,895)	(2,000,000)	(2,000,000)	-
NET CHANGE IN FUND BALANCE	-	(470,000)	(445,269)	24,731
Fund Balance - Beginning of Year	3,244,280	2,587,029	2,587,029	-
FUND BALANCE - END OF YEAR	$ 3,244,280	$ 2,117,029	$ 2,141,760	$ 24,731

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Water tap fees	$ 75,000	$ 41,400	$ (33,600)
Plan / Admin Fees	50,000	30,320	(19,680)
System Development fees	100,000	-	(100,000)
Interest income	500,000	824,293	324,293
IGA revenue - BP3	-	565,000	565,000
Total Revenues	725,000	1,461,013	736,013
EXPENDITURES			
District management	80,000	-	80,000
FRICO billback	30	-	30
Capital outlay	18,987,094	-	18,987,094
Total Expenditures	19,067,124	-	19,067,124
NET CHANGE IN FUND BALANCE	(18,342,124)	1,461,013	19,803,137
Fund Balance - Beginning of Year	18,693,532	18,499,294	(194,238)
FUND BALANCE - END OF YEAR	$ 351,408	$ 19,960,307	$ 19,608,899

OTHER INFORMATION

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

$12,500,000
Refunding and Improvement Note, Series 2018
Dated October 1,
Interest Rate of 5.05%
Payable on April 1 and October 1
Principal due October

Year Ended December 31,	Principal	Interest	Total
2026	$ 1,702,220	$ 85,962	$ 1,788,182

SOUTH BEEBE DRAW METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation	Percent Change	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2021	$ 32,986,120	-74.4%	55.000	$ 1,814,237	$ 1,814,237	100.00 %
2022	28,849,660	-12.5%	55.411	1,598,589	1,598,589	100.00 %
2023	36,209,670	25.5%	65.455	2,370,104	2,366,103	99.83 %
2024	168,581,820	365.6%	65.455	11,036,276	11,036,278	100.00 %
2025	79,442,120	-52.9%	65.455	5,199,804	5,199,803	100.00 %
Estimated for Year Ending December 31, 2026	$ 47,321,520	-40.4%	65.455	$ 3,097,454		

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

Source: Weld and Adams County Assessor and Treasurer.