BROMLEY PARK METROPOLITAN DISTRICT NO. 2
Adams and Weld Counties, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bromley Park Metropolitan District No. 2
Adams and Weld Counties, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Bromley Park Metropolitan District No. 2 (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 the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibility 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 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 GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary and other information (together, the information) as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
July 9, 2026

BASIC FINANCIAL STATEMENTS

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 1,792,638
Cash and Investments - Restricted	12,986,354
Receivable from County Treasurer	11,296
Prepaid Insurance	17,029
Property Tax Receivable	4,131,608
Capital Assets:	
Capital Assets Not Being Depreciated	6,650,350
Capital Assets Net of Depreciation	2,031,247
Total Assets	27,620,522
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized Bond Insurance	682,013
Cost of Refunding, Net	1,415,901
Total Deferred Outflows of Resources	2,097,914
LIABILITIES	
Accounts Payable	31,853
Easement Escrow Payable	7,191
Due to County Treasurer	894
Accrued Interest	220,228
Noncurrent Liabilities:	
Due Within One Year	675,000
Due in More Than One Year	53,974,340
Total Liabilities	54,909,506
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	4,131,608
Total Deferred Inflows of Resources	4,131,608
NET POSITION	
Net Investment in Capital Assets	(5,793,526)
Restricted for:	
Emergency Reserve	22,400
Debt Service	5,337,922
Capital Projects	35,240
Net Position - Unrestricted	(28,924,714)
Total Net Position	$ (29,322,678)

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 525,749	$ -	$ 22,643	$ 19,930	$ (483,176)
Interest on Long-Term Debt and Related Costs	2,797,043	-	-	-	(2,797,043)
Total Governmental Activities	$ 3,322,792	$ -	$ 22,643	$ 19,930	(3,280,219)
GENERAL REVENUES					
Property Taxes					4,756,268
Specific Ownership Taxes					220,071
Interest Income					631,677
Total General Revenues					5,608,016
CHANGES IN NET POSITION					2,327,797
Net Position - Beginning of Year					(31,650,475)
NET POSITION - END OF YEAR					$ (29,322,678)

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	$ 1,792,638	$ -	$ -	$ 1,792,638
Cash and Investments - Restricted	22,400	7,878,167	5,085,787	12,986,354
Receivable from County Treasurer	1,439	9,857	-	11,296
Prepaid Insurance	17,029	-	-	17,029
Property Tax Receivable	530,665	3,600,943	-	4,131,608
Total Assets	$ 2,364,171	$ 11,488,967	$ 5,085,787	$ 18,938,925
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 29,588	$ -	$ 2,265	$ 31,853
Easement Escrow Payable	7,191	-	-	7,191
Due to County Treasurer	115	779	-	894
Total Liabilities	36,894	779	2,265	39,938
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	530,665	3,600,943	-	4,131,608
Total Deferred Inflows of Resources	530,665	3,600,943	-	4,131,608
FUND BALANCES				
Nonspendable:				
Prepaid Expense	17,029	-	-	17,029
Restricted for:				
Emergency Reserves	22,400	-	-	22,400
Debt Service	-	7,887,245	-	7,887,245
Capital Projects	-	-	5,083,522	5,083,522
Unassigned	1,757,183	-	-	1,757,183
Total Fund Balances	1,796,612	7,887,245	5,083,522	14,767,379
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,364,171	$ 11,488,967	$ 5,085,787	
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.				8,681,597
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
Cost of Refunding, Net				1,415,901
Unamortized Bond Discount				524,139
Unamortized Bond Insurance				682,013
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				(220,228)
Bonds Payable				(54,440,000)
Unamortized Bond Premium				(733,479)
Net Position of Governmental Activities				$ (29,322,678)

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	$ 610,897	$ 4,145,371	$ -	$ 4,756,268
Specific Ownership Taxes	28,037	192,034	-	220,071
Interest Income	82,624	346,059	202,994	631,677
Conservation Trust Fund Proceeds	22,643	-	-	22,643
Oil Lease	-	-	19,930	19,930
Total Revenues	744,201	4,683,464	222,924	5,650,589
EXPENDITURES				
Current:				
Accounting	65,539	-	-	65,539
Auditing	6,600	-	-	6,600
County Treasurer's Fee	9,119	61,878	-	70,997
District Management	66,289	-	-	66,289
Dues and Membership	661	-	-	661
Election	3,912	-	-	3,912
Engineering	-	-	13,227	13,227
Fence and Sign Maintenance	9,195	-	-	9,195
Insurance	16,180	-	-	16,180
Legal	45,088	-	-	45,088
Miscellaneous	221	-	-	221
Landscape Maintenance - District	34,849	-	-	34,849
Landscape Maintenance - HOA Brighton East Farms	134,086	-	-	134,086
Landscape Maintenance - Utilities	1,229	-	-	1,229
Detention Pond Maintenance	14,215	-	-	14,215
Water	19,145	-	-	19,145
Website	1,264	-	-	1,264
Debt Service:				
Bond Interest - Series 2018A	-	1,040,400	-	1,040,400
Bond interest - Series 2023	-	1,634,088	-	1,634,088
Bond Principal - Series 2018A	-	635,000	-	635,000
Paying Agent Fees	-	7,500	-	7,500
Capital Projects:				
Capital Outlay	-	-	189,705	189,705
Total Expenditures	427,592	3,378,866	202,932	4,009,390
NET CHANGE IN FUND BALANCES	316,609	1,304,598	19,992	1,641,199
Fund Balances - Beginning of Year	1,480,003	6,582,647	5,063,530	13,126,180
FUND BALANCES - END OF YEAR	$ 1,796,612	$ 7,887,245	$ 5,083,522	$ 14,767,379

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
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	$ 1,641,199
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.	
Capital Outlay	189,705
Depreciation Expense	(84,930)
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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items as follows:	
Bond Principal Payment Series 2018A	635,000
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 - Change in Liability	2,646
Amortization of Bond Premium Series 2018A	59,830
Amortization of Bond Discount	(23,119)
Amortization of Bond Insurance	(30,082)
Amortization of Bond Cost of Refunding	(62,452)
Changes in Net Position of Governmental Activities	$ 2,327,797

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT 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	$ 607,805	$ 610,897	$ 3,092
Specific Ownership Taxes	33,154	28,037	(5,117)
Interest Income	58,000	82,624	24,624
Conservation Trust Fund Proceeds	20,500	22,643	2,143
Total Revenues	719,459	744,201	24,742
EXPENDITURES			
Accounting	66,000	65,539	461
Auditing	7,000	6,600	400
Banking Fees	100	-	100
County Treasurer's Fee	9,117	9,119	(2)
District Management	48,000	66,289	(18,289)
Dues and Membership	1,000	661	339
Election	12,000	3,912	8,088
Insurance	17,500	16,180	1,320
Landscaping	15,000	-	15,000
Legal	66,000	45,088	20,912
Landscape Maintenance - District	37,000	34,849	2,151
Landscape Maintenance - HOA Brighton East Farms	90,000	134,086	(44,086)
Landscape Maintenance - Utilities	1,500	1,229	271
Landscape Maintenance - HOA Parkside at BEF	40,000	-	40,000
Detention Pond Maintenance	10,000	14,215	(4,215)
Fence and Sign Maintenance	-	9,195	(9,195)
Miscellaneous	500	221	279
Repairs and Maintenance	25,000	-	25,000
Contingency	4,283	-	4,283
Engineering	35,000	-	35,000
Water	30,000	19,145	10,855
Website	10,000	1,264	8,736
Total Expenditures	525,000	427,592	97,408
NET CHANGE IN FUND BALANCE	194,459	316,609	122,150
Fund Balance - Beginning of Year	1,372,444	1,480,003	107,559
FUND BALANCE - END OF YEAR	$ 1,566,903	$ 1,796,612	$ 229,709

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Bromley Park Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County filed on April 23, 1985, and recorded with Adams County Clerk and Recorder on April 25, 1985, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Adams and Weld Counties, Colorado entirely within the City of Brighton (the City). The District is one of six contiguous districts, South Beebe Draw Metropolitan District (formerly Bromley Park Metropolitan District No. 1), Bromley Park Metropolitan Districts No. 2, 3, 5, 6 and Brighton Crossing Metropolitan District (formerly Bromley Park Metropolitan District No. 4) (collectively, the Districts or SBDMD, BPMD Nos. 2, 3, 5, or 6, and BCMD). The District and BCMD have unrelated Boards of Directors from the other Districts. SBDMD, BPMD Nos. 2-3 and BCMD were participants to the Annexation Agreement dated June 4, 1985, as amended (the Annexation Agreement), between the City and the prior developer of the majority of the property within the District (BPK Holdings, L.L.C., hereinafter referred to as BPK). BPMD Nos. 5 and 6 were formed in 2000 and it is anticipated that these districts will also participate in the Annexation Agreement. Since their creation, all of the Districts have restructured their boundaries by various inclusions and exclusions within the same general land area.

The District was established principally to provide water, sanitary sewer and storm drainage services and to provide construction, installation, financing and operation 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.

On August 4, 1995, in the agreement regarding Designation of District for Remittance of Sales and Use Tax between BPK, SBDMD, BPMD Nos. 2-3 and BCMD, SBDMD was appointed by the parties thereto to receive all sales and use taxes remitted under the Annexation Agreement by the City and to apply the receipts to the common benefit of the Districts.

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

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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

The District is not financially accountable for any other organization (including SBDMD, BPMD Nos. 3, 5, or 6, or BCMD), 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 instead as general revenues.

Separate financial statements are provided for 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. Redemption of bonds is recorded as a reduction in liabilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District 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 is due.

The District reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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 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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Capital Assets

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

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

The 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 are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Streets	30 Years
Parks and Recreation	30 Years

Certain capital assets constructed by the District have been conveyed to other governmental entities or to the homeowners' association.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Bond Insurance and Original Issue Premium/Discount

In the government-wide financial statements, bond insurance, bond premiums, and bond discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, government fund types recognize bond insurance, bond premiums, and bond discounts during the current period. The face amount of debt issued is reported as other financing sources. Bond insurance, whether or not withheld from the actual debt proceed received, are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Cost of Bond Refunding

In the government-wide financial statements, the deferred cost of bond refunding is amortized over the life of the deferred bonds using the effective interest method. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. Accordingly, the items, bond insurance and cost on bond refunding, are deferred and recognized as an outflow of resources in the period that the amounts are incurred.

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

Equity

Net Position

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

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.

New Accounting Pronouncement

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement (Continued)

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	$ 1,792,638
Cash and Investments - Restricted	12,986,354
Total Cash and Investments	$ 14,778,992

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

Deposits with Financial Institutions	$ 60,315
Investments	14,718,677
Total Cash and Investments	$ 14,778,992

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's cash deposits had a bank balance and a carrying balance of $60,315.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

. Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
. 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 and certain reverse repurchase agreements collateralized by certain authorized securities
. Certain money market funds
. Guaranteed investment contracts
* Local government investment pools

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

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust	Weighted-Average	
(CSAFE)	Under 60 Days	$ 14,718,677
Total		$ 14,718,677

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE, sometimes referred to herein as 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 operations similar to a money market fund, with each share valued at $1.00. CSAFE CASH FUND 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 CRS 24-75-601.

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 CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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 at net asset value as determined by amortized cost. 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 property for the year ended December 31, 2025, follows:

	Balance at December 31, 2024	Additions	Retirements	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Storm Drainage	$ 500,000	$ -	$ -	$ 500,000
Construction in Progress	5,960,645	189,705	-	6,150,350
Total Capital Assets, Not Being Depreciated	6,460,645	189,705	-	6,650,350
Capital Assets, Being Depreciated:				
Parks and Recreation	942,774	-	-	942,774
Streets	1,605,136	-	-	1,605,136
Total Capital Assets, Being Depreciated	2,547,910	-	-	2,547,910
Less Accumulated Depreciation for:				
Parks & Recreation	159,749	31,426	-	191,175
Streets	271,984	53,504	-	325,488
Total Accumulated Depreciation	431,733	84,930	-	516,663
Total Capital Assets, Being Depreciated, Net	2,116,177	(84,930)	-	2,031,247
Governmental Activities Capital Assets, Net	$ 8,576,822	$ 104,775	$ -	$ 8,681,597

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities	
General Government	$ 84,930

The majority of capital assets constructed by the District in previous years have been dedicated to other governments for ownership and maintenance. When the property is dedicated, the District removes the cost of construction from capital assets. The District will retain ownership of two storm drainage ponds and certain landscaping features.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in 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					
General Obligation Bonds					
Series 2018A	$ 24,765,000	$ -	$ 635,000	$ 24,130,000	$ 670,000
Series 2023	30,310,000	-	-	30,310,000	5,000
Subtotal Bonds Payable	55,075,000	-	635,000	54,440,000	675,000
Bond Premium/Discount					
Bond Premium - Series 2018A	793,309	-	59,830	733,479	-
Bond Discount - Series 2023	(547,258)	23,119	-	(524,139)	-
Subtotal Bond Premium / Discount	246,051	23,119	59,830	209,340	-
Total Long-Term Obligations	$ 55,321,051	$ 23,119	$ 694,830	$ 54,649,340	$ 675,000

The detail of the District's long-term obligation is as follows:

Series 2018 General Obligation Bonds

The Senior General Obligation Limited Tax Refunding Bonds, Series 2018A (the Senior Bonds, and sometimes referred to herein as the 2018A Bonds), the First Subordinate General Obligation Limited Tax Refunding Bonds, Series 2018B (the First Subordinate Bonds, and sometimes referred to herein as the 2018B Bonds), the Second Subordinate General Obligation Limited Tax Bonds, Series 2018C (the Second Subordinate Bonds, and sometimes referred to herein as the 2018C Bonds), and the Third Subordinate General Obligation Limited Tax Bonds, Series 2018D (the Third Subordinate Bonds, and sometimes referred to herein as the 2018D Bonds) (collectively referred to as the Bonds) were issued by the District on April 5, 2018, in the amounts of $28,855,000, $8,325,000, $6,408,000 and $8,000,000, respectively.

Proceeds from the sale of the Senior Bonds and the First Subordinate Bonds were used for the purposes of paying a portion of the costs of refunding all of the District's outstanding General Obligation Refunding Bonds, Series 2007, and the District's General Obligation Limited Tax Convertible Zero Coupon Bonds, Series 2007 (the Series 2007 Bonds). Proceeds of the Senior Bonds were used to fund: (i) the Senior Reserve Fund; (ii) costs in connection with the issuance of the Senior Bonds; and (iii) certain costs in connection with the issuance of the First Subordinate Bonds.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2018 General Obligation Bonds (Continued)

The Series 2018 First Subordinate, Second Subordinate and Third Subordinate Bonds were refunded with the issuance of the Series 2023 General Obligation Limited Tax Refunding Bonds on November 9, 2023.

2018A Senior Bonds

The Senior Bonds bear interest at rates ranging from 3.50% to 5.00% payable semi-annually on June 1 and December 1, which began on June 1, 2018. The Senior Bonds issued as serial bonds mature on December 1 of the years 2018 through 2023; thereafter, the Senior Bonds issued as term bonds have annual mandatory sinking fund principal payments due on December 1, commencing December 1, 2024. The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2028, and on any date thereafter, upon payment of principal and accrued interest, without redemption premium. The Senior Bonds mature on December 1, 2047.

Pursuant to the 2018A Bonds Senior Indenture of Trust (the Senior Indenture), the District has covenanted to impose a Senior Required Mill Levy (as defined in the Senior Indenture) each year in an amount sufficient to pay the Senior Bonds as they come due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund (as defined in the Senior Indenture) to the amount of the Required Senior Reserve (as defined in the Senior Indenture), but not in excess of 78.725 mills, as adjusted for any change in the method of calculating assessed valuation after the date of the Senior Indenture.

The Senior Bonds are also secured by amounts on deposit in the Senior Reserve Fund, which were funded from proceeds of the Senior Bonds in the amount equal to the Required Senior Reserve Fund of $839,575.

Series 2018 Pledged Revenues

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue generally consisting of moneys derived by the District from the following sources, net of any costs of collection:

(i) the Required Mill Levy;
(ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy;
(iii) the Capital Fees, if any; and
(iv) any other legally available moneys which the District determines to transfer to the Trustee for application as Pledged Revenue.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2023 General Obligation Limited Tax Refunding Bonds

The General Obligation Limited Tax Refunding Bonds, Series 2023 (the 2023 Bonds) were issued on November 9, 2023, in the amount of $30,310,000 and were issued on parity with the 2018A Bonds. Proceeds from the sale of the 2023 Bonds were used to (i) pay or reimburse a portion of the costs of certain public improvements; (ii) fund a deposit to the Reserve Fund in the amount of the $1,470,453; (iii) purchase a municipal bond insurance policy; and (iv) pay the costs of refunding and repaying the 2018B, 2018C and 2018D Bonds.

The 2023 Bonds bear interest at rates ranging from 5.000% and 5.500%. The 2023 Bonds were issued as serial bonds maturing on December 1 of the years 2026 through 2033 and as term bonds maturing on December 1 of the years 2038, 2043 and 2053. Interest is payable semi-annually on June 1 and December 1, beginning June 1, 2024, and the principal is payable annually on December 1, beginning December 1, 2026.

Pursuant to the 2023 Bonds Indenture of Trust (the 2023 Indenture), the District has covenanted to impose a Required Mill Levy each year in an amount sufficient to pay the 2023 Bonds as they come due, and if necessary, an amount sufficient to replenish the 2023 Reserve Fund to the amount of the 2023 Required Reserve and to fund or replenish the 2018A and 2023 Surplus Fund up to the Base Surplus Amount, but not in excess of 78.725 mills, as adjusted for any change in the method of calculating assessed valuation after the date of the 2023 Indenture.

The 2023 Bonds are secured by amounts on deposit in the 2023 Reserve Fund, which was funded one-half from the proceeds of the 2023 Bonds and one-half from the Municipal Bond Debt Service Reserve Insurance Policy in amounts equal to the 2023 Required Reserve of $2,940,905. The 2023 Indenture also provides that the Pledged Revenue not needed to pay debt service on the 2018A and 2023 Bonds in any year will be deposited to and maintained in the 2018A and 2023 Surplus Fund in an amount up to the Base Surplus Amount of $1,500,000 and no more than the Maximum Surplus Amount of $8,000,000.

The Bonds maturing on December 1, 2033, are not subject to redemption prior to maturity. The Bonds maturing on and after December 1, 2038, are subject to redemption, at the option of the District , as a whole or in integral multiples of $5,000, on December 1, 2033, and on any date thereafter without redemption premium.

Series 2023 Pledged Revenues

The 2023 Bonds are secured by and payable solely from and to the extent of Pledged Revenue generally consisting of money derived by the District from the following sources, net of any costs of collection:

i. the Required Mill Levy;
ii. the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and
iii. any other legally available moneys which the District determines to transfer to the Trustee for application as Pledged Revenue.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default

Events of default occur if the District does not impose the Required Mill Levy, does not apply Pledged Revenue as required, and other customary terms and conditions consistent with normal municipal financings.

The District's outstanding Bonds contain a provision regarding certain events of default, for which acceleration is not a remedy. Upon the occurrence of an Event of Default, the Trustee shall have the right to: receivership, suit for judgment, or any other suit, action, or proceeding at law or in equity to enforce all rights of Owners.

The District's general obligation bond principal and interest will mature as follows:

Year Ending	Bonded Debt		
December 31,	Principal	Interest	Total
2026	$ 675,000	$ 2,642,737	$ 3,317,737
2027	705,000	2,608,988	3,313,988
2028	790,000	2,573,737	3,363,737
2029	820,000	2,534,238	3,354,238
2030	920,000	2,493,125	3,413,125
2031-2035	5,675,000	11,739,638	17,414,638
2036-2040	7,890,000	10,324,007	18,214,007
2041-2045	10,700,000	8,335,300	19,035,300
2046-2050	15,455,000	5,367,787	20,822,787
2051-2053	10,810,000	1,182,499	11,992,499
Total	$ 54,440,000	$ 49,802,056	$ 104,242,056

Authorized Debt

The District has remaining from its November 7, 2020 election voter debt authorization for water improvements in the amount of $532,750, for sanitation improvements in the amount of $212,750 and for refunding issuances in the amount of $26,455,000. The District has no current plans to issue any more debt.

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets 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 improvement of those assets. As of December 31, 2025, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	$ 2,031,247
Long Term Obligations	(7,824,773)
Net Investment in Capital Assets	$ (5,793,526)

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

Restricted Net Position:	
Emergency Reserve	$ 22,400
Debt Service Reserve	5,337,922
Capital Projects Reserve	35,240
Total Restricted Net Position	$ 5,395,562

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

NOTE 7 RELATED PARTY

One of the members of the Board of Directors is an employee of, owner of, or is otherwise associated with Kings Co, LLC and may have conflicts of interest in dealing with the District. Kings Co, LLC is the current developer of property within the District and is the current holder of the 2018 Advance and Reimbursement Agreement.

NOTE 7 RELATED PARTY (CONTINUED)

2023 Facilities Funding and Reimbursement Agreement

The District and Kings Co, LLC entered into a Facilities Funding and Reimbursement Agreement dated July 24, 2023 (the 2023 Facilities Funding and Reimbursement Agreement) to advance additional funds for the construction of public infrastructure for the benefit of the District's constituents. The District is to reimburse Kings Co, LLC from funds available, subject to annual appropriation. Reimbursement is to include simple interest at the rate of 5.75%. Any obligation of Kings Co, LLC to provide advances will expire on December 31, 2026. In the event the District has not reimbursed Kings CO, LLC for any advances made pursuant to this agreement on or before December 31, 2053, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. There was no balance due at December 31, 2025.

Construction Management Agreement

The District and Kings Co, LLC entered into an Agreement for Construction Management Services, dated March 26, 2002, whereby Kings Co, LLC is to provide construction management services during the construction of certain improvements. The management fee is 4% of the amount of the construction contract awards. During 2025, the District did not incur any construction management fee expenses.

Amended and Restated Agreement Regarding Construction of Homestead Phase II and Phase III Improvements

The District and Kings Co, LLC entered into an Agreement Regarding Construction of Homestead Phase II and Phase III Improvements dated June 28, 2019, and as amended and restated on October 3, 2019. Pursuant to the agreement, the District will design, construct, and complete the Tract E Park and 50th Avenue Improvements (as defined therein) and will pay for construction related expenses. The District shall enter into an Escrow Agreement with the City of Brighton and will deposit 115% of the Tract E Park portion of the construction related expenses into an escrow account, from which the District will periodically draw funds in order to pay for the construction related expenses. Also pursuant to the agreement, Kings Co, LLC will design, construct, and complete the Storm Drain Phases II and III Improvements (as defined therein) and will pay for the construction related expenses and submit for reimbursement from the District eligible expenses as verified by an independent engineer and pursuant to the 2023 Advance and Reimbursement Agreement.

NOTE 8 CONTRACTS AND AGREEMENTS

Community Park Construction Agreement

During 2003, the District entered into that certain Community Park Construction Agreement with the City and the Developer (the Community Park Construction Agreement) that outlined the Developer's and District's obligation to design and construct a neighborhood and community park within the District. Pursuant to the Community Park Construction Agreement, the City is to impose and collect a Community Park Impact Fee (as defined therein), which is a fee that is separate from the District park development fee. The Community Park Impact Fee is $250 per unit. The City is to escrow these funds and the District can be reimbursed for its actual costs to design and construct the community park to the extent of fees collected by the City. Up to $25,000 can be reimbursed to the District for design costs of the park, with the remainder of the fee being reimbursed, to the extent of actual costs, upon the completion of the construction of the park. The Agreement indicates that the community park is to be completed no later than the issuance of a building permit for the 508th dwelling unit constructed within the District. The District incurred actual construction costs in the amount of $762,241 and requested reimbursement from the City for these costs. Cumulative to date, the District has received reimbursement of $558,990. The District anticipates receiving the remaining amount of $203,251 in future years to the extent fees are collected.

Storm Drainage Management Agreement

On March 19, 1997, SBDMD, the Beebe Draw Drainage Company LLC and the Farmers Reservoir and Irrigation Company (FRICO) entered into the Storm Drainage Management Agreement wherein SBDMD acquired the right to discharge storm water from property within the Districts and the Beebe Draw Drainage area into the storm drainage and maintenance facilities owned and operated by the drainage company. SBDMD agrees to collect and pay certain fees to the drainage company to defray the cost of drainage improvements required to serve the Districts.

Cost Sharing Agreement with Brighton East Farms Home Owners Association

On July 1, 2007, the District entered into an agreement with the Brighton East Farms Homeowners Association (the BEF HOA) for cost sharing of operation and maintenance expenses for Tracts F and U, Brighton East Farms Filing No. 1 (the BEF Tracts). Under this agreement the District will reimburse the BEF HOA for maintenance and operation costs associated with these Tracts. The District will reimburse 27.67% of the costs of weekly lawn maintenance and the irrigation system, 100% of maintenance for the monuments and snow removal within the BEF Tracts, and 53.87% of the water bill for the tap located at 4219 Harvest Lane. The BEF HOA expressly understands and agrees that the maximum annual amount the District shall be liable for under this agreement is $90,000, unless an increase is approved by the District's Board of Directors. This agreement terminates each December 31 and renews for one-year terms unless one party gives 60 days written notice prior to December 1 that they will not be renewing the agreement. This agreement was terminated November 17 2025 and a new agreement was entered into on April 28, 2026. See Note 11.

NOTE 8 CONTRACTS AND AGREEMENTS (CONTINUED)

Cost Sharing Agreement with Parkside at Brighton East Farms Home Owners Association

On April 2, 2019, the District entered into an agreement with the Parkside at Brighton East Farms Home Owners Association (the Parkside HOA) for cost sharing of operation and maintenance expenses for Tract M, Brighton East Farms Filing No. 1 and Filing No. 2 Administrative Amendment No. 1 (the Tract). Under this agreement the District will reimburse the Parkside HOA for maintenance and operation costs associated with the Tract. The Parkside HOA expressly understands and agrees that the District shall reimburse the Parkside HOA in 2019 an amount not to exceed $23,000 for maintenance service costs and an amount not to exceed $5,000 for capital improvements. The Parkside HOA also expressly understands and agrees that, beyond the 2019 calendar year, the maximum annual amount the District shall be liable for under this agreement is $40,000. This agreement terminates each December 31 and renews for one-year terms unless one party gives 60 days written notice prior to December 1 that they will not be renewing the agreement. This agreement was terminated November 17 2025 and a new agreement was entered into on April 28, 2026. See Note 11.

Facilities Maintenance Agreement for Drainage Facilities Located on Private Property

On November 16, 2020, the District entered into an agreement with Kings Co, LLC and the City of Brighton for the conveyance of an easement from Kings Co, LLC to the District and for the continued operation, maintenance, repair, and replacement as necessary of the permanent stormwater drainage facilities to handle releases of developed flows from Brighton East Farms Filing No. 3 to Regional Pond 331.

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in reserve taxes of $1,000,000 annually without regard to any limitations imposed by TABOR for general operations and maintenance of the District.

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 has taken such steps as it believes necessary to comply 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.

Annual operating revenue is limited to a 5.25% increase, such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

NOTE 11 SUBSEQUENT EVENT

In consideration for the acceptance of the conveyance of tracts from the District to the BEF HOA and the Parkside HOA, on April 28, 2026, the District entered into an agreement with the Brighton East Farms Homeowners Association (the BEF HOA) and Parkside at Brighton East Farms Homeowners Association (the Parkside HOA) for cost sharing of operation and maintenance expenses. Under this agreement the District will fund the BEF HOA for maintenance and operation costs in the amount of $140,000 annually and the Parkside HOA for maintenance and operation costs in the amount of $60,000 annually. Beginning with the 2030 budget year and each year thereafter, the District will calculate the percentage increase in assessed valuation over the 2025 budget year assessed valuation. The percentage increase will be applied to the payments due to the BEF HOA and to the Parkside HOA so as to increase the payments in each budget year. The District will not be accruing 2025 funds due and will begin funding in 2026.

SUPPLEMENTARY INFORMATION

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
DEBT SERVICE 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	$ 4,124,392	$ 4,145,371	$ 20,979
Specific Ownership Taxes	227,079	192,034	(35,045)
Interest Income	125,000	346,059	221,059
Total Revenues	4,476,471	4,683,464	206,993
EXPENDITURES			
Banking Fees	50	-	50
County Treasurer's Fee	61,866	61,878	(12)
Paying Agent Fees	7,000	7,500	(500)
Bond Interest - Series 2018A	1,040,400	1,040,400	-
Bond Interest - Series 2023	1,634,088	1,634,088	-
Bond Principal - Series 2018A	635,000	635,000	-
Contingency	6,596	-	6,596
Total Expenditures	3,385,000	3,378,866	6,134
NET CHANGE IN FUND BALANCE	1,091,471	1,304,598	213,127
Fund Balance - Beginning of Year	6,454,531	6,582,647	128,116
FUND BALANCE - END OF YEAR	$ 7,546,002	$ 7,887,245	$ 341,243

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
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			
Oil Lease	$ 28,500	$ 19,930	$ (8,570)
Interest Income	102,439	202,994	100,555
Total Revenues	130,939	222,924	91,985
EXPENDITURES			
Engineering	25,000	13,227	11,773
Capital Outlay	5,157,000	189,705	4,967,295
Contingency	3,000	-	3,000
Total Expenditures	5,185,000	202,932	4,982,068
NET CHANGE IN FUND BALANCE	(5,054,061)	19,992	5,074,053
Fund Balance - Beginning of Year	5,054,061	5,063,530	9,469
FUND BALANCE - END OF YEAR	$ -	$ 5,083,522	$ 5,083,522

OTHER INFORMATION

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

Bonds and Interest Maturing in the Year Ending December 31,	$28,855,000 Senior General Obligation Limited Tax Refunding Bonds, Series 2018A Interest Rate - 3.50% to 5.00% Dated April 5, 2018 Interest Payable June 1 and December 1 Principal Payable December 1			$30,310,000 General Obligation Limited Tax Refunding Bonds, Series 2023 Interest Rate Varying from 5.000% to 5.500% Dated November 9, 2023 Interest Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total	Principal	Interest	Total
2026	$ 670,000	$ 1,008,650	$ 1,678,650	$ 5,000	$ 1,634,087	$ 1,639,087
2027	700,000	975,150	1,675,150	5,000	1,633,838	1,638,838
2028	735,000	940,150	1,675,150	55,000	1,633,587	1,688,587
2029	775,000	903,400	1,678,400	45,000	1,630,838	1,675,838
2030	810,000	864,650	1,674,650	110,000	1,628,475	1,738,475
2031	855,000	824,150	1,679,150	110,000	1,622,700	1,732,700
2032	895,000	781,400	1,676,400	180,000	1,616,925	1,796,925
2033	940,000	736,650	1,676,650	185,000	1,607,475	1,792,475
2034	975,000	703,750	1,678,750	255,000	1,597,763	1,852,763
2035	1,010,000	665,088	1,675,088	270,000	1,583,737	1,853,737
2036	1,050,000	625,038	1,675,038	350,000	1,568,888	1,918,888
2037	1,095,000	583,400	1,678,400	360,000	1,549,637	1,909,637
2038	1,135,000	539,981	1,674,981	450,000	1,529,838	1,979,838
2039	1,180,000	494,981	1,674,981	475,000	1,505,088	1,980,088
2040	1,230,000	448,194	1,678,194	565,000	1,478,962	2,043,962
2041	1,275,000	399,431	1,674,431	600,000	1,447,888	2,047,888
2042	1,330,000	348,881	1,678,881	700,000	1,414,887	2,114,887
2043	1,380,000	296,150	1,676,150	740,000	1,376,388	2,116,388
2044	1,435,000	241,438	1,676,438	850,000	1,335,687	2,185,687
2045	1,490,000	184,550	1,674,550	900,000	1,290,000	2,190,000
2046	1,550,000	125,481	1,675,481	1,080,000	1,241,625	2,321,625
2047	1,615,000	64,031	1,679,031	1,975,000	1,183,575	3,158,575
2048	-	-	-	2,920,000	1,077,419	3,997,419
2049	-	-	-	3,075,000	920,468	3,995,468
2050	-	-	-	3,240,000	755,188	3,995,188
2051	-	-	-	3,415,000	581,037	3,996,037
2052	-	-	-	3,600,000	397,481	3,997,481
2053	-	-	-	3,795,000	203,981	3,998,981
Total	$ 24,130,000	$ 12,754,594	$ 36,884,594	$ 30,310,000	$ 37,047,462	$ 67,357,462

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2025

Bonds and Interest Maturing in the Year Ending December 31,	Totals		
	Principal	Interest	Total
2026	$ 675,000	$ 2,642,737	$ 3,317,737
2027	705,000	2,608,988	3,313,988
2028	790,000	2,573,737	3,363,737
2029	820,000	2,534,238	3,354,238
2030	920,000	2,493,125	3,413,125
2031	965,000	2,446,850	3,411,850
2032	1,075,000	2,398,325	3,473,325
2033	1,125,000	2,344,125	3,469,125
2034	1,230,000	2,301,513	3,531,513
2035	1,280,000	2,248,825	3,528,825
2036	1,400,000	2,193,926	3,593,926
2037	1,455,000	2,133,037	3,588,037
2038	1,585,000	2,069,819	3,654,819
2039	1,655,000	2,000,069	3,655,069
2040	1,795,000	1,927,156	3,722,156
2041	1,875,000	1,847,319	3,722,319
2042	2,030,000	1,763,768	3,793,768
2043	2,120,000	1,672,538	3,792,538
2044	2,285,000	1,577,125	3,862,125
2045	2,390,000	1,474,550	3,864,550
2046	2,630,000	1,367,106	3,997,106
2047	3,590,000	1,247,606	4,837,606
2048	2,920,000	1,077,419	3,997,419
2049	3,075,000	920,468	3,995,468
2050	3,240,000	755,188	3,995,188
2051	3,415,000	581,037	3,996,037
2052	3,600,000	397,481	3,997,481
2053	3,795,000	203,981	3,998,981
Total	$ 54,440,000	$ 49,802,056	$ 104,242,056

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

		Total Mills Levied		Total Property Taxes		Percent
Year Ended December 31,	Assessed Valuation	General Operations	Debt Service	Levied	Collected	Collected to Levied
2021	$ 60,642,130	7.300	57.362	$ 3,921,242	$ 3,918,584	99.93 %
2022	44,700,480	7.300	51.788	2,641,262	2,641,648	100.01
2023	90,885,530	7.300	50.669	5,268,544	5,268,947	100.01
2024	142,818,970	7.000	48.000	7,855,044	7,868,144	100.17
2025	86,829,300	7.000	47.500	4,732,197	4,756,268	100.51
Estimated for Year Ending December 31, 2026	$ 75,809,310	7.000	47.500	$ 4,131,607		

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.