City Center West Residential Metropolitan District No. 2

Financial Statements

December 31, 2025

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Table of Contents

M & A
McMahan and Associates, L.L.C.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City Center West Residential Metropolitan District No. 2
Weld County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of City Center West Residential 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

Required Supplementary Information

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

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

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
City Center West Residential Metropolitan District No. 2

Supplementary Information

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

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 13, 2026

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City Center West Residential Metropolitan District No. 2
Statement of Net Position
December 31, 2025

Assets:	
Cash and equivalents - Unrestricted	126,119
Property taxes receivable	634,586
Other receivables	14,566
Prepaid expenses	5,622
Capital assets, net	317,743
Total Assets	1,098,636
Liabilities:	
Current liabilities due in less than one year:	
Accounts payable	40,767
Accrued interest payable	405,616
Non-current liabilities due in excess of one year:	
Bonds payable	7,390,285
Developer advances	536,864
Total Liabilities	8,373,532
Deferred Inflow of Resources:	
Property tax revenue	634,586
Deferred gain on refunding	83,051
Total Deferred Inflow of Resources	717,637
Net Position:	
Net investment in capital assets	(7,231,200)
Restricted for emergencies	8,805
Unrestricted	(770,138)
Total Net Position	(7,992,533)

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

City Center West Residential Metropolitan District No. 2
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenue**
Functions/Programs:					
Governmental activities:					
General government	703,554	142,721	-	-	(560,833)
Interest on long-term debt	618,027	-	-	-	(618,027)
Total primary government	1,321,581	142,721	-	-	(1,178,860)
General revenues:					
Taxes:					
Property tax					853,795
Specific ownership tax					35,614
Interest income					33,162
Total General Revenues					922,571
Change in Net Position					(256,289)
Net Position - Beginning					(7,736,244)
Net Position - Ending					(7,992,533)

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

FUND FINANCIAL STATEMENTS

City Center West Residential Metropolitan District No. 2
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
Assets:			
Cash and equivalents - Unrestricted	126,119	-	126,119
Property taxes receivable	152,173	482,413	634,586
Other receivables	14,566	-	14,566
Prepaid expenditures	5,622	-	5,622
Total Assets	298,480	482,413	780,893
Liabilities:			
Accounts payable	40,767	-	40,767
Total Liabilities	40,767	-	40,767
Deferred Inflow of Resources:			
Unavailable property tax revenue	152,173	482,413	634,586
Total Deferred Inflow of Resources	152,173	482,413	634,586
Fund Balances:			
Nonspendable	5,622	-	5,622
Restricted for emergencies	8,805	-	8,805
Unassigned	91,113	-	91,113
Total Fund Balances	105,540	-	105,540
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	298,480	482,413	780,893

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

City Center West Residential Metropolitan District No. 2
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2025

Governmental Funds Total Fund Balance		105,540
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the funds. Details of these amounts are as follows:		
Capital assets	453,919	
Accumulated depreciation	(136,176)	
		317,743
Long-term liabilities, including bonds payable and developer advances, are not due and payable in the current period and, therefore, are not reported in the funds. Details of these amounts are as follows:		
Bonds payable	(7,148,582)	
Developer advances	(536,864)	
Accrued interest payable	(405,616)	
		(8,091,062)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred gain on refunding	(83,051)	
Bond issuance premium	(241,703)	
		(324,754)
Net Position of Governmental Activities		(7,992,533)

City Center West Residential Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues:			
Property taxes	142,066	711,729	853,795
Specific ownership taxes	5,926	29,688	35,614
Charges for services	142,721	-	142,721
Interest income	2,802	30,360	33,162
Total Revenues	293,515	771,777	1,065,292
Expenditures:			
General government	257,509	400,653	658,162
Debt service			
Interest	-	324,625	324,625
Total Expenditures	257,509	725,278	982,787
Excess (Deficiency) of Revenues over Expenditures	36,006	46,499	82,505
Other Financing Sources (Uses):			
Payment to refunded bond escrow agent	-	(8,498,806)	(8,498,806)
Bond proceeds	-	7,146,194	7,146,194
Bond premium	-	245,914	245,914
Transfers in	-	5,868	5,868
Transfers (out)	(5,868)	-	(5,868)
Total Other Financing Sources (Uses)	(5,868)	(1,100,830)	(1,106,698)
Net Change in Fund Balances	30,138	(1,054,331)	(1,024,193)
Fund Balances - Beginning	75,402	1,054,331	1,129,733
Fund Balances - Ending	105,540	-	105,540

City Center West Residential Metropolitan District No. 2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balances for total governmental funds		(1,024,193)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the net difference between depreciation and capital additions during the year. Details of these differences are as follows:		
Depreciation expense	(45,392)	
		(45,392)
The repayment of the principal of long-term debt consumes current financial resources of governmental funds. This transaction, however, has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt repayments.		
Payments to refunding escrow agent	8,498,806	
Bond proceeds	(7,392,108)	
		1,106,698
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 the governmental funds.		
Accrued interest on long-term debt	(296,672)	
Accretion of interest on B coupons	(2,388)	
Amortization of bond premiums	4,211	
Amortization of deferred amounts of refunding	1,447	
		(293,402)
Change in Net Position of Governmental Activities		(256,289)

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The City Center West Residential Metropolitan District No. 2 (the "District") was established in November 2007, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District's service area is located in the City of Greeley, Colorado. The District was established to finance the infrastructure required by the City Center West development and to provide an ongoing institutional structure for the operation and maintenance of signage, recreation and landscaping, and other public infrastructure.

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

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

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

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

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements

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

The District reports the following governmental funds:

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

The *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.

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. There was no allowance as of December 31, 2025.

3. Prepaid Expenses

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

4. Property Taxes

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

5. Capital Assets

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

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

Assets	Years
Landscaping and Irrigation	10

6. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available and earned. The deferred gain on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

7. Long-term Obligations

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

Bonds payable – represent limited tax general obligation bonds issued to finance infrastructure and capital improvements. Interest on bonds is recognized as an expense when incurred, and principal payments are made in accordance with the debt service schedule.

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

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Fund Balance

The District classifies governmental fund balances as follows:

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

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

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

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

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

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

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

E. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2025:

(1) A public hearing on the proposed budget and capital program was held by the Board no later than 45 days prior to the close of the fiscal year.
(2) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
(3) For the 2025 budget, the final budget and appropriating resolution was adopted prior to December 31, 2024.

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

Taxes levied in one year are collected in the succeeding year. Thus, had taxes been certified in 2024 they would have been collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

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

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved $8,805, which is the approximate required reserve, at December 31, 2025.

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

On November 8, 2016 the District voters approved an election question allowing the District to retain and spend revenues it received in 2016 and in all subsequent years, without regard to any spending, revenues-raising, or other limitations contained within TABOR.

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

C. Statutory Mill Levy Limitation Exemption

Pursuant to C.R.S. 29-1-1702 and 29-1-1704 a District has a limitation on annual property tax revenue growth, commonly referred to as the 5.25% limit. This limitation generally restricts annual increases in property tax revenues to no more than 5.25% over the prior year, exclusive of revenues attributable to new construction, annexation, or valuation changes resulting from reassessment.

Pursuant to these statutes, local governments may be exempt from the 5.25% limitation upon approval by the electorate. Once approved, the exemption allows the local government to levy property taxes without regard to the statutory revenue growth limitation in future years, unless otherwise restricted by voter authorization.

II. Stewardship, Compliance, and Accountability (continued)

D. Authorized But Unissued Debt

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

Purpose	Authorization
Debt Refunding or Reimbursement	116,000,000
Parks and Recreation	116,000,000
Water	116,000,000
Sanitation & Storm Sewer	116,000,000
Transportation	116,000,000
Mosquito Control	116,000,000
Traffic Safety	116,000,000
Fire Protection	116,000,000
Television Relay and Translation	116,000,000
Security	116,000,000
For Reimbursement	116,000,000
General Debt	116,000,000
IGA Debt	116,000,000
	1,508,000,000

At December 31, 2025, the District has $1,501,000,000 of authorized but unissued debt, however, the District Intergovernmental Agreement to Allocate Service Plan Debt Authorization limits the District's debt to $7,000,000.

III. Detailed Notes on all Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was $94,031 at year end.

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

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

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

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

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

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

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

	Standard & Poors Rating	Carrying Amounts	Term to Maturity: Less than one year	Term to Maturity: More than one year
Deposits:				
Checking and savings	Not rated	94,031	94,031	-
Investments:				
Investment pool	AAAm	32,088	32,088	-
		126,119	126,119	-

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

Investments Measured at Net Asset Value	Total
Colotrust Plus+	32,088
	32,088

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

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

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

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

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

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

At December 31, 2025, District had invested $32,088 in the Colorado Local Government Liquid Asset Trust (the "Trust") an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAm by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Landscape and Irrigation	453,919	-	-	453,919
Total capital assets	453,919	-	-	453,919
Less accumulated depreciation for:				
Landscape and Irrigation	(90,784)	(45,392)	-	(136,176)
Total accumulated depreciation	(90,784)	(45,392)	-	(136,176)
Net Capital Assets	363,135	(45,392)	-	317,743

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations

1. Limited Tax General Obligation Bonds, Series 2019A and 2019B

On December 19, 2019, the District issued $4,150,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2019A (the “2019A Senior Bonds”), and $2,850,000 Subordinate Limited Tax General Obligation Bonds, Series 2019B (the “2019B Subordinate Bonds,” and together with the 2019A Senior Bonds, the

The Bonds were issued to finance and reimburse the costs of public infrastructure improvements associated with the City Center West development project, fund capitalized interest on the senior bonds, establish an initial surplus fund deposit, and pay costs of issuance. Public improvements financed with bond proceeds include water, irrigation, sanitation, parks and recreation, street, drainage, transportation, traffic safety, and related infrastructure improvements within and adjacent to the development.

The 2019A Senior Bonds consist of a single term bond maturing December 1, 2049 and bear interest at 5.00%, payable semiannually on June 1 and December 1 beginning June 1, 2020. The 2019B Subordinate Bonds consist of a single term bond maturing December 15, 2049 and bear interest at 7.75%, payable annually on December 15 beginning December 15, 2020.

The 2019A Senior Bonds are limited tax general obligations of the District, convertible to unlimited tax obligations upon satisfaction of specified debt-to-assessed valuation requirements. The bonds are secured by pledged revenues consisting primarily of ad valorem property taxes generated from a required mill levy not to exceed 45 mills prior to conversion, specific ownership tax revenues, capital fees if imposed, and other legally available revenues pledged by the District. The bonds are additionally secured by funded capitalized interest of approximately $622,500 and an initial Senior Surplus Fund deposit of approximately $330,000.

The 2019B Subordinate Bonds are subordinate obligations payable solely from subordinate pledged revenues after payment of senior bond obligations. The subordinate bonds are structured as “cash flow” bonds with no regularly scheduled principal payments prior to maturity and are payable only from available subordinate pledged revenues. Unpaid interest compounds annually until paid from available revenues. According to the financial forecast included in the offering memorandum, interest payments on the subordinate bonds were not expected to commence until 2025.

The Bonds are not general obligations of the City of Greeley, Weld County, or the State of Colorado. Repayment is dependent primarily upon future development within the District and increases in assessed valuation of property within the District. At the time of issuance, the property within the District was substantially vacant and undeveloped, and the District’s certified 2019 assessed valuation was approximately $248,310.

On July 30, 2025 the District refunded these bonds, see following note.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

2. Limited Tax General Obligation Refunding Bonds, Series 2025

On July 30, 2025, the District issued $7,000,000 of Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2025 (the “Series 2025 Bonds”). In connection with the issuance, the District also issued Supplemental “B” Interest Registered Coupons with a maturity amount of $160,000 and an issuance value of $146,193.

The Series 2025 Bonds were issued to refund and defease the District’s outstanding Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2019A, and Subordinate Limited Tax General Obligation Bonds, Series 2019B, and to pay costs associated with issuance, including municipal bond insurance and reserve fund insurance premiums.

The bonds bear interest at rates ranging from 5.00% to 5.75% and mature annually beginning December 1, 2028 through December 1, 2049, including term bond maturities in 2040, 2045, and 2049. Interest is payable semiannually on June 1 and December 1 beginning June 1, 2026. The bonds are subject to optional redemption beginning September 1, 2030.

The Series 2025 Bonds initially constitute limited tax general obligations of the District and are secured primarily by pledged property tax revenues generated from a required mill levy not to exceed 45 mills, subject to adjustment as permitted by the bond documents, specific ownership tax revenues, and other legally available revenues pledged by the District. The obligations may convert to unlimited tax general obligations upon satisfaction of certain conditions related primarily to the District’s debt-to-assessed valuation ratio.

The bonds are additionally secured by a debt service reserve fund requirement of approximately $558,663 satisfied through a reserve fund insurance policy issued by Assured Guaranty Inc. The refunding resulted in net present value savings of $283,573.

3. Funding and Reimbursement Agreement

On December 2019, the District entered into a Funding and Reimbursement Agreement with CCW Development, LLC (“the Developer”), in which the Developer agreed to advance funds in an amount not to exceed $500,000, in one or more installments. Under the agreement, the funds are to be used exclusively for administrative, operations and maintenance costs associated with public facilities within the District. In addition, the Developer may agree to renew its obligation hereunder on an annual basis, in which case the obligation termination date shall be amended to no earlier than December 31 of the subsequent year. The agreement prescribes that advances accrue interest at simple rate of 2% plus the current Federal Reserve Board Prime Rate from the date of each advance and any unpaid accrued interest will be added to the principal in the event that the advances are subsequently refunded by subordinate debt.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

4. Capital Costs Advance and Reimbursement Agreement

On December 2019, the District entered into an Advance and Reimbursement Agreement with the Developer. This agreement consolidated prior funding arrangements and established terms under which the Developer may advance funds to the District (or on the District's behalf) for Capital Costs, including organization costs, public improvements, infrastructure, and related expenditures authorized under the District's Service Plan.

The Developer may advance up to $20,000,000 (the "Maximum Capital Loan Amount") in one or more installments. Advances made prior to the issuance of Subordinate Notes bear simple interest at 2% plus the current Federal Reserve Board Prime Rate per annum. Upon issuance of Subordinate Notes, interest terms are governed by the notes. Repayment is expected primarily from future bond proceeds and ad valorem tax revenues (subject to a maximum 50-mill levy and Service Plan limitations). Repayment is subordinate to senior debt and is generally subject to annual appropriation by the District's Board. Certain refunding obligations of Subordinate Notes constitute multiple-fiscal-year obligations authorized by the District's electorate. The District may issue subordinate promissory notes (in the form attached as Exhibit B to the Advance Agreement) to evidence outstanding advances. These notes are limited obligations payable from specified revenues. The agreement acknowledges prior advances and costs incurred by the Developer.

5. Operations Funding Agreement

On December 2019, the District entered into a Funding and Reimbursement Agreement of Operations and Maintenance with the Developer, pursuant to which the Developer agreed to advance funds to cover anticipated revenue shortfalls for the years 2020 and thereafter, without outstanding amounts due under the agreement accruing interest at a rate of prime plus 2% per annum. Requests for advances or reimbursements are made on an annual basis with any extensions or renewals being considered at the time of budget review and approval of the District at its annual budget meeting.

6. Improvement Acquisition Agreement

The District entered into an Improvement Acquisition Agreement (the "Acquisition Agreement") with the Developer, effective December 5, 2019. Under this agreement, the Developer constructed certain public improvements ("Improvements") benefiting the District, and the District has agreed to acquire such Improvements. The District agrees to acquire completed Improvements (or portions thereof) for the "Purchase Price," which equals the "District Costs" as certified by an independent engineer (reasonable and comparable costs, not to exceed 100% of actual construction costs, excluding overhead, profit, and interest). The total acquisition cost is limited consistent with the District's Service Plan and voter authorization (maximum $20,000,000 in related indebtedness). Payment is expected primarily from future bond proceeds and/or issuance of Subordinate Obligations to the Developer. Repayment is subject to annual appropriation and is not a general obligation or multiple-fiscal-year debt of the District. Any remaining unpaid amounts are deemed discharged on December 31, 2059.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Series 2019A Bonds	4,150,000	-	(4,150,000)	-	-
Series 2019B Bonds	2,850,000	-	(2,850,000)	-	-
Series 2025A Bonds	-	7,000,000	-	7,000,000	-
Series 2025B Bonds	-	148,582	-	148,582	-
Issuance premiums	161,597	245,914	(165,808)	241,703	-
Total bonds payable:	7,161,597	7,394,496	(7,165,808)	7,390,285	-
Developer advances:					
Operating advances	461,257	-	-	461,257	-
Capital advances	75,607	-	-	75,607	-
Total developer advances:	536,864	-	-	536,864	-
Total	7,698,461	7,394,496	(7,165,808)	7,927,149	-

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

	Principal	Interest	Total
2026	-	504,599	504,599
2027	148,582	377,663	526,245
2028	180,000	377,663	557,663
2029	190,000	368,663	558,663
2030	195,000	359,163	554,163
2031 - 2035	1,140,000	1,638,815	2,778,815
2036 - 2040	1,460,000	1,316,639	2,776,639
2041 - 2045	1,900,000	880,815	2,780,815
2046 - 2049	1,935,000	285,776	2,220,776
Total	7,148,582	6,109,796	13,258,378

IV. Other Information

A. Risk Management

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool (“Pool”) for property and liability insurance. The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to $1,000,000, except if the claim falls within the government immunity statute, then the coverage is $150,000 per person and a $600,000 aggregate claim. The Pool is reinsured for 80% of the first $250,000 of all claims and 100% for claims in excess of $250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. Any excess funds, which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Any settled claims are not expected to exceed coverage. The most recent summary of audited statutory basis financial information for the Pool can be found here: https://csdpool.org/financials.

B. Commitments and Contingencies

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

C. Related Parties

Certain of the Developer’s representatives are members of the Board of Directors. The Developer operating and capital advances through December 31, 2025 aggregated $536,864.

REQUIRED SUPPLEMENTARY INFORMATION

City Center West Residential Metropolitan District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Property taxes	146,275	146,275	142,066	(4,209)
Specific ownership taxes	8,777	8,777	5,926	(2,851)
Charges for services	139,800	139,800	142,721	2,921
Interest income	100	100	2,802	2,702
Total Revenues	294,952	294,952	293,515	(1,437)
Expenditures:				
General government:				
Insurance	4,000	4,000	3,402	598
Accounting and auditing	31,250	31,250	31,000	250
Legal	16,500	16,500	24,506	(8,006)
Administration	30,374	30,374	22,956	7,418
Management	32,860	32,860	31,973	887
Repairs and replacement	16,500	16,500	12,110	4,390
Landscaping	70,250	70,250	69,192	1,058
Utilities	30,250	30,250	29,865	385
Treasurer fees	2,194	2,194	2,132	62
Other	23,350	23,350	30,373	(7,023)
Total Expenditures	257,528	257,528	257,509	19
Excess (Deficiency) of Revenues Over Expenditures	37,424	37,424	36,006	(1,456)
Other Financing Sources:				
Transfers (out)	-	(5,849)	(5,868)	(19)
Total Other Financing Sources	-	(5,849)	(5,868)	(19)
Net Change in Fund Balance	37,424	31,575	30,138	(1,437)
Fund Balance - Beginning	64,659	64,659	75,402	10,743
Fund Balance - Ending	102,083	96,234	105,540	9,306

SUPPLEMENTARY INFORMATION

City Center West Residential Metropolitan District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Debt Service Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Property taxes	732,815	732,815	711,729	(21,086)
Specific ownership taxes	43,969	31,381	29,688	(1,693)
Interest income	10,000	32,461	30,360	(2,101)
Total Revenues	786,784	796,657	771,777	(24,880)
Expenditures:				
General government:				
Treasurer fees	14,656	14,656	10,681	3,975
Cost of issuance	7,500	514,705	389,972	124,733
Contingency	10,000	-	-	-
Debt service:				
Principal payments	616,986	-	-	-
Interest payments	207,500	137,757	324,625	(186,868)
Total Expenditures	856,642	667,118	725,278	(58,160)
Excess (Deficiency) of Revenues Over Expenditures	(69,858)	129,539	46,499	33,280
Other Financing Sources:				
Payment to refunded bond escrow agent	-	(8,464,799)	(8,498,806)	(34,007)
Bond proceeds	-	7,294,486	7,146,194	(148,292)
Bond premium	-	-	245,914	245,914
Transfers in	-	-	5,868	5,868
Total Other Financing Sources	-	(1,170,313)	(1,100,830)	69,483
Net Change in Fund Balance	(69,858)	(1,040,774)	(1,054,331)	(13,557)
Fund Balance - Beginning	830,000	1,054,331	1,054,331	-
Fund Balance - Ending	760,142	13,557	-	(13,557)