COPPERLEAF METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Copperleaf Metropolitan District No. 2
Arapahoe County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Copperleaf 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 and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and is derived from and related 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 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 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.

Unaudited Information

The Continuing Disclosure Annual Financial Information – Unaudited as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hiratsuka & Associates, LLP

September 28, 2026
Wheat Ridge, Colorado

COPPERLEAF METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS
December 31, 2025

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	$ 401,679	$ -	$ 401,679	$ -	$ 401,679
Cash and investments - restricted	5,400	2,704,961	2,710,361	-	2,710,361
Receivable - County Treasurer	735	7,993	8,728	-	8,728
Property taxes receivable	153,442	1,704,913	1,858,355	-	1,858,355
Prepaid expenses	6,431	-	6,431	-	6,431
Capital assets not being depreciated	-	-	-	2,619,322	2,619,322
Total Assets	567,687	4,417,867	4,985,554	2,619,322	7,604,876
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	2,206,646	2,206,646
Total Deferred Outflows of Resources	-	-	-	2,206,646	2,206,646
Total Assets and Deferred Outflows of Resources	$ 567,687	$ 4,417,867	$ 4,985,554		
LIABILITIES					
Accounts payable	$ 1,551	$ -	$ 1,551	-	1,551
Accrued interest on bonds	-	-	-	87,867	87,867
Long-term liabilities:					
Due within one year	-	-	-	810,000	810,000
Due in more than one year	-	-	-	28,987,274	28,987,274
Total Liabilities	1,551	-	1,551	29,885,141	29,886,692
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	153,442	1,704,913	1,858,355	-	1,858,355
Total Deferred Inflows of Resources	153,442	1,704,913	1,858,355	-	1,858,355
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepaids	6,431	-	6,431	(6,431)	-
Restricted:					
Emergencies	5,400	-	5,400	(5,400)	-
Debt service	-	2,712,954	2,712,954	(2,712,954)	-
Unassigned	400,863	-	400,863	(400,863)	-
Total Fund Balances	412,694	2,712,954	3,125,648	(3,125,648)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 567,687	$ 4,417,867	$ 4,985,554		
Net Position:					
Restricted for:					
Emergencies				5,400	5,400
Debt service				2,625,087	2,625,087
Unrestricted				(24,564,012)	(24,564,012)
Total Net Position				$ (21,933,525)	$ (21,933,525)

The notes to the financial statements are an integral part of these statements.

COPPERLEAF METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Accounting	$ 6,958	$ -	$ 6,958	$ -	$ 6,958
Audit	5,800	-	5,800	-	5,800
Insurance	6,837	-	6,837	-	6,837
Legal	24,805	-	24,805	-	24,805
Election expenses	38,306	-	38,306	-	38,306
Miscellaneous expenses	1,303	-	1,303	-	1,303
Utilities	4,528	-	4,528	-	4,528
Landscape repairs and maintenance	27,039	-	27,039	-	27,039
Dog park maintenance	4,335		4,335		4,335
Treasurer's fees	2,373	26,354	28,727	-	28,727
Bond principal expense	-	745,000	745,000	(745,000)	-
Bond interest expense	-	1,084,200	1,084,200	(188,658)	895,542
Paying agent fees	-	4,000	4,000	-	4,000
Total Expenditures	122,284	1,859,554	1,981,838	(933,658)	1,048,180
GENERAL REVENUES					
Property taxes	158,090	1,756,393	1,914,483	-	1,914,483
Specific ownership taxes	8,624	95,633	104,257	-	104,257
Interest income	63,810	90,041	153,851	-	153,851
Total General Revenues	230,524	1,942,067	2,172,591	-	2,172,591
NET CHANGES IN FUND BALANCES	108,240	82,513	190,753	(190,753)	
CHANGE IN NET POSITION				1,124,411	1,124,411
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	304,454	2,630,441	2,934,895	(25,992,831)	(23,057,936)
END OF YEAR	$ 412,694	$ 2,712,954	$ 3,125,648	$ (25,059,173)	$ (21,933,525)

The notes to the financial statements are an integral part of these statements.

COPPERLEAF METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 158,353	$ 158,090	$ (263)
Specific ownership taxes	9,500	8,624	(876)
Interest income	5,000	63,810	58,810
Total Revenues	172,853	230,524	57,671
EXPENDITURES			
Accounting	20,000	6,958	13,042
Audit	6,500	5,800	700
Insurance	9,000	6,837	2,163
Legal	25,000	24,805	195
Election expenses	30,000	38,306	(8,306)
Miscellaneous expenses	5,000	1,303	3,697
Utilities	30,000	4,528	25,472
Landscape repairs and maintenance	65,000	27,039	37,961
Dog park maintenance	32,500	4,335	28,165
Treasurer's fees	2,375	2,373	2
Contingency	93,631	-	93,631
Emergency reserve	6,690	-	6,690
Total Expenditures	325,696	122,284	203,412
NET CHANGE IN FUND BALANCE	(152,843)	108,240	261,083
FUND BALANCE:			
BEGINNING OF YEAR	152,843	304,454	151,611
END OF YEAR	$ -	$ 412,694	$ 412,694

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Copperleaf Metropolitan District No. 2 ("the District"), located in Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on February 7, 2005, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide for construction and financing of water and sanitary sewer and storm drainage facilities, streets, and park and recreation facilities, safety protection facilities and services, transportation facilities, and television relay and translation services. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB Pronouncements' which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e., the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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.*

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 the related cash flows. Property taxes are recognized as revenues in the year in which they are collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest, and other debt related costs.

Budgetary Accounting

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

Assets, Liabilities and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the District are reported at fair value.

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 minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in 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.

In addition to liabilities, the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Original Issue Premium and Deferred Loss on Refunding

Original issue premium and the deferred loss on refunding from the Series 2020 Bonds, (see Note 4) are being amortized over the term of the bonds using the interest method. Accumulated amortization of original issue premium and deferred loss on refunding amounted to $1,594,565 and $577,823 respectively, at December 31, 2025.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities' columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2025.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

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

Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of $6,431 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $5,400 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $2,712,954 is restricted for the payment of the debt service costs associated with the Series 2020 Bonds (see Note 4).

Assigned Fund Balance
Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Committed Fund Balance
The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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.

Unassigned Fund Balance
Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position
Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

> *Net investment in capital assets* – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. As of December 31, 2025, the District had no net investments in capital assets.
>
> *Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
>
> *Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

Adoption of New Accounting Standards

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

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

Note 2: Cash and Investments

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

Statement of net position:

Cash and investments	$ 401,679
Cash and investments - restricted	2,710,361
	$ 3,112,040

Cash and investments as of December 31, 2026, consist of the following:

Deposits with financial institutions	$ 15,163
Investments - COLOTRUST	3,096,877
	$ 3,112,040

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments:

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2025, the District had $3,096,877 invested in COLOTRUST.

Credit Risk

The District has adopted a formal investment policy; by which it follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk
Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Note 3: Capital Assets

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

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated:				
Land	$ 658,215	$ -	$ -	$ 658,215
Construction in progress	1,961,107	-	-	1,961,107
Total capital assets not being depreciated:	$ 2,619,322	$ -	$ -	$ 2,619,322

Upon completion and acceptance, all fixed assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

Note 4: Long Term Debt

General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2020
On October 13, 2020, the District issued $29,400,000 in General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2020, (the "Series 2020 Bonds"), for the purposes of (a) refunding the Series 2015 Bonds; (b) refunding the Series 2019B Bonds; and (c) paying the costs in connection with the issuance of the Series 2020 Bonds. The Series 2020 Bonds bear interest at 4.00%, payable semiannually on each June 1 and December 1, commencing on December 1, 2020. The Series 2020 Bonds are secured by and payable from and to the extent of the following, net of any costs of collection (to the extent not previously deducted by definition) (collectively, the "Pledged Revenue"): (i) all Property Tax Revenues; (ii) all Specific Ownership Tax Revenues; and (iii) any other legally available moneys which the District determines, in its absolute discretion to credit to the Bond Fund. The Series 2020 Bonds are also secured by Build America Mutual Assurance Company policy guaranteeing the payment of the principal and interest when due.

The Series 2020 Bonds maturing on and after December 1, 2031, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity, and in whole or partial maturities, on December 1, 2030, and on any date thereafter, upon payment of par plus accrued interest, with no redemption premium. The Series 2020 Bonds maturing December 1, 2045, are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2041, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

Advance refunding of debt

The Series 2020 Bonds were issued to provide resources to purchase securities to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2015 Bonds and the Series 2019B Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $2,784,469. This amount is recorded as a deferred inflow and is being amortized using the effective interest rate method over the remaining life of the new debt issued. Accumulated amortization of the deferred loss on refunding amounted to $577,823 at December 31, 2025.

The District realized a net present value savings of $14,830,851 by refunding the Series 2015 Bonds and the Series 2019B Bonds.

The following is a summary of the annual long-term debt principal and interest requirements for Series 2020 Bonds:

	Principal	Interest	Total
2026	$ 810,000	$ 1,054,400	$ 1,864,400
2027	845,000	1,022,000	1,867,000
2028	915,000	988,200	1,903,200
2029	950,000	951,600	1,901,600
2030	1,025,000	913,600	1,938,600
2031 - 2035	5,885,000	3,912,200	9,797,200
2036 - 2040	7,185,000	2,633,800	9,818,800
2041 - 2045	8,745,000	1,076,800	9,821,800
	$ 26,360,000	$ 12,552,600	$ 38,912,600

The following is an analysis of changes in long-term debt for the year ending December 31, 2025:

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025	Current Portion
General Obligation Bonds					
G.O. Bonds Series 2020	$ 27,105,000	$ -	$ 745,000	$ 26,360,000	$ 810,000
Total	27,105,000	-	745,000	26,360,000	810,000
Original issue premium	3,734,160	-	296,886	3,437,274	-
Total Long-Term Debt	$ 30,839,160	$ -	$ 1,041,886	$ 29,797,274	$ 810,000

Debt Authorization

The limit on the District's ability to issue Debt is set forth in its Service Plan as $258,000,000 (the "Service Plan Debt Issuance Limit"). In no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit.

The District's voters have authorized the District to issue debt in accordance with the Service Plan Debt Issuance Limit. The amount of debt authorization remaining within the Service Plan Debt Issuance Limit is $165,120,000.

In the future, the District may issue a portion of all of the Service Plan Debt Issuance Limit for the purpose of providing public improvements to support development as it occurs within the District's service area.

Note 5: Tax, Spending and Debt Limitations

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

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

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

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

On November 2, 2004, a majority of the District's electors authorized the District to collect, retain and spend any and all amounts annually from any revenue sources whatsoever other than ad valorem taxes without regard to the limitations contained in Article X, Section 20 of the Colorado Constitution.

Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 7: Reconciliation of Government-Wide Financial Statements and Financial Fund Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and

2) deferred loss on refunding and original issue premium are not financial resources and, therefore are not reported in the funds; and,

3) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or capitalized and depreciated over their useful lives;

2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;

3) governmental funds report developer advances and/or bond proceeds as revenue; and,

4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

COPPERLEAF METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 1,759,481	$ 1,756,393	$ (3,088)
Specific ownership taxes	105,569	95,633	(9,936)
Interest income	20,000	90,041	70,041
Total Revenues	1,885,050	1,942,067	57,017
EXPENDITURES			
Bond principal expense	745,000	745,000	-
Bond interest expense	1,084,200	1,084,200	-
Paying agent fees	10,000	4,000	6,000
Treasurer's fees	26,392	26,354	38
Total Expenditures	1,865,592	1,859,554	6,038
NET CHANGE IN FUND BALANCE	19,458	82,513	63,055
FUND BALANCE:			
BEGINNING OF YEAR	2,648,809	2,630,441	(18,368)
END OF YEAR	$ 2,668,267	$ 2,712,954	$ 44,687

The notes to the financial statements are an integral part of these statements.

COPPERLEAF METROPOLITAN DISTRICT NO. 2

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Tax		Percent Collected to Levied
		General Fund	Debt Service	Levied	Collected	
2007	$ 950,190	5.000	50.000	$ 52,260	$ 52,261	100.00%
2008	$ 2,811,270	5.000	50.000	$ 154,620	$ 154,620	100.00%
2009	$ 7,297,690	5.000	50.000	$ 401,373	$ 400,459	99.77%
2010	$ 5,322,660	10.000	50.000	$ 319,360	$ 317,531	99.43%
2011	$ 6,237,920	10.000	50.000	$ 374,275	$ 369,252	98.66%
2012	$ 7,803,990	14.000	50.000	$ 499,455	$ 496,630	99.43%
2013	$ 8,921,710	14.000	50.000	$ 570,989	$ 570,876	99.98%
2014	$ 10,672,220	14.000	50.000	$ 683,022	$ 681,482	99.77%
2015	$ 15,611,080	14.000	50.000	$ 999,109	$ 999,973	100.09%
2016	$ 23,913,826	7.000	50.000	$ 1,363,088	$ 1,363,009	99.99%
2017	$ 29,516,786	7.000	50.000	$ 1,682,457	$ 1,683,108	100.04%
2018	$ 40,237,989	4.000	54.016	$ 2,334,447	$ 2,334,330	99.99%
2019	$ 44,287,813	2.000	55.165	$ 2,531,713	$ 2,531,579	99.99%
2020	$ 51,402,381	1.000	55.569	$ 2,907,781	$ 2,907,782	100.00%
2021	$ 52,789,321	1.000	29.823	$ 1,627,125	$ 1,627,126	100.00%
2022	$ 54,590,057	1.000	29.823	$ 1,682,629	$ 1,682,441	99.99%
2023	$ 54,406,720	1.000	30.644	$ 1,721,646	$ 1,721,611	100.00%
2024	$ 69,274,504	1.089	31.750	$ 2,274,905	$ 2,277,005	100.09%
2025	$ 70,379,226	2.250	25.000	$ 1,917,834	$ 1,914,483	99.83%
Estimated for year ending December 31, 2026	$ 68,196,530	2.250	25.000	$ 1,858,355		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION - UNAUDITED

COPPERLEAF METROPOLITAN DISTRICT NO. 2

HISTORY OF ASSESSED VALUATIONS, MILL LEVIES AND TAX COLLECTIONS
OF PROPERTY IN DISTRICT
December 31, 2025
UNAUDITED

History of Assessed Valuations and Mill Levies for the District

Levy/ Collection Year	Gross Assessed Valuation	Percent Change	Debt Service General Fund	Debt Service Fund	Total Mill Levy
2014/2015	$ 15,611,080	--	14.000	50.000	64.000
2015/2016	$ 23,913,826	53.18%	7.000	50.000	57.000
2016/2017	$ 29,516,786	23.43%	7.000	50.000	57.000
2017/2018	$ 40,237,989	36.32%	4.000	54.016	58.016
2018/2019	$ 44,287,813	10.06%	2.000	55.165	57.165
2019/2020	$ 51,402,381	16.06%	1.000	55.569	56.569
2020/2021	$ 52,789,321	2.70%	1.000	29.823	30.823
2021/2022	$ 54,590,057	3.41%	1.000	29.823	30.823
2022/2023	$ 54,406,720	-0.34%	1.000	30.644	31.644
2023/2024	$ 69,274,504	27.33%	1.089	31.750	32.839
2024/2025	$ 70,379,226	1.59%	2.250	25.000	27.250
2025/2026	$ 68,196,530	-3.10%	2.250	25.000	27.250

Property Tax Collections in the District

Levy/ Collection Year	Taxes Levied (1)	Current Tax Collections (1)	Collection Rate
2014/2015	$ 999,109	$ 999,973	100.09%
2015/2016	1,363,088	1,363,009	99.99%
2016/2017	1,682,457	1,683,108	100.04%
2017/2018	2,334,447	2,334,330	99.99%
2018/2019	2,531,713	2,531,579	99.99%
2019/2020	2,907,781	2,902,231	99.81%
2020/2021	1,627,125	1,624,664	99.85%
2021/2022	1,682,629	1,674,482	99.52%
2022/2023	1,721,646	1,721,611	100.00%
2023/2024	2,274,905	2,277,005	100.09%
2024/2025	1,917,834	1,914,483	99.83%
2025/2026	1,858,355	1,044,564	56.21% (2)

(1) Figures do not include treasurer's fees, abatements or interest payable on abatements.
(2) Tax Collections through May 31, 2026