Deer Creek Villas Metropolitan District

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Deer Creek Villas Metropolitan District

Jefferson County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Deer Creek Villas Metropolitan District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of 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 Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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 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.

Other Matters

Required Supplemental Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The Supplemental information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Castle Pines, Colorado
May 26, 2026

DEER CREEK VILLAS METROPOLITAN DISTRICT

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

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments - restricted	$ 3,369	$ 803,588	$ 3,597	$ 810,554	$ -	$ 810,554
Taxes due from County	267	1,190	-	1,457	-	1,457
Accounts receivable - developer	3,827	38,549	-	42,376	(42,376)	-
Property taxes receivable	66,346	311,570	-	377,916	-	377,916
Capital assets not being depreciated	-	-	-	-	5,219,572	5,219,572
Total Assets	$ 73,809	$ 1,154,897	$ 3,597	$ 1,232,303	5,177,196	6,409,499
LIABILITIES						
Accounts payable	$ 7,463	$ -	$ -	$ 7,463	-	7,463
Accrued interest on bonds	-	-	-	-	242,224	242,224
Long-term liabilities:						
Due in more than one year	-	-	-	-	6,851,806	6,851,806
Total Liabilities	7,463	-	-	7,463	7,094,030	7,101,493
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	66,346	311,570	-	377,916	-	377,916
Total Deferred Inflows of Resources	66,346	311,570	-	377,916	-	377,916
FUND BALANCES/NET POSITION						
Fund balances:						
Restricted:						
Emergencies	3,369	-	-	3,369	(3,369)	-
Debt service	-	843,327	-	843,327	(843,327)	-
Capital	-	-	3,597	3,597	(3,597)	-
Unassigned	(3,369)	-	-	(3,369)	3,369	-
Total Fund Balances	-	843,327	3,597	846,924	(846,924)	-
Total Liabilities and Fund Balances	$ 73,809	$ 1,154,897	$ 3,597	$ 1,232,303		
Net Position:						
Restricted for:						
Emergencies					3,369	3,369
Debt service					601,103	601,103
Capital projects					3,597	3,597
Unrestricted					(1,677,979)	(1,677,979)
Total Net Position (Deficit)					$ (1,069,910)	$ (1,069,910)

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

DEER CREEK VILLAS METROPOLITAN DISTRICT

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

	General	Debt Service	Capital Project	Total	Adjustments	Statement of Activities
EXPENDITURES						
Operating:						
Accounting and audit	$ 14,715	$ -	$ -	$ 14,715	$ -	$ 14,715
Legal	21,323	-	-	21,323	-	21,323
District management	14,725	-	-	14,725	-	14,725
Elections	2,518	-	-	2,518	-	2,518
Insurance	3,108	-	-	3,108	-	3,108
Landscape maintenance	45,285	-	-	45,285	-	45,285
Snow removal	2,995	-	-	2,995	-	2,995
Miscellaneous	4,665	-	-	4,665	-	4,665
Treasurer fees	727	3,236	-	3,963	-	3,963
Bond interest	-	304,250	-	304,250	62,350	366,600
Engineering	8,266	-	-	8,266	-	8,266
Trustee fees	-	3,000	-	3,000	-	3,000
Interest on developer advance	-	-	-	-	7,205	7,205
Total Expenditures	118,327	310,486	-	428,813	69,555	498,368
GENERAL REVENUES						
Property taxes	48,442	215,711	-	264,153	-	264,153
Specific ownership taxes	3,284	14,625	-	17,909	-	17,909
Interest income	5,391	29,661	182	35,234	-	35,234
Total General Revenues	57,117	259,997	182	317,296	-	317,296
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(61,210)	(50,489)	182	(111,517)	(69,555)	(181,072)
OTHER FINANCING SOURCES (USES)						
Developer advances	54,376	-	-	54,376	(54,376)	-
Total Other Financing Sources (Uses)	54,376	-	-	54,376	(54,376)	-
NET CHANGES IN FUND BALANCES	(6,834)	(50,489)	182	(57,141)	57,141	
CHANGES IN NET POSITION					(181,072)	(181,072)
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR	6,834	893,816	3,415	904,065	(1,792,903)	(888,838)
END OF YEAR	$ -	$ 843,327	$ 3,597	$ 846,924	$ (1,916,834)	$ (1,069,910)

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

DEER CREEK VILLAS METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 48,442	$ 48,442	$ 48,442	$ -
Specific ownership taxes	2,907	3,500	3,284	(216)
Interest income	2,000	6,000	5,391	(609)
Total Revenues	53,349	57,942	57,117	(825)
EXPENDITURES				
Accounting and audit	12,500	12,500	14,715	(2,215)
Legal	15,000	15,000	21,323	(6,323)
District management	10,000	10,000	14,725	(4,725)
Elections	5,000	5,000	2,518	2,482
Insurance	4,000	4,000	3,108	892
Landscape maintenance	25,000	25,000	45,285	(20,285)
Snow removal	15,000	15,000	2,995	12,005
General Administration	1,500	1,500	-	1,500
Miscellaneous	500	500	4,665	(4,165)
Engineering	-	-	8,266	(8,266)
Treasurer fees	727	727	727	-
Contingency	10,850	27,960	-	27,960
Emergency Reserve	2,655	2,655	-	2,655
Total Expenditures	102,732	119,842	118,327	1,515
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,383)	(61,900)	(61,210)	690
OTHER FINANCING SOURCES				
Developer advances	49,254	55,000	54,376	(624)
Total Other Financing Sources	49,254	55,000	54,376	(624)
NET CHANGE IN FUND BALANCE	(129)	(6,900)	(6,834)	66
FUND BALANCE:				
BEGINNING OF YEAR	129	6,900	6,834	(66)
END OF YEAR	$ -	$ -	$ -	$ -

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of Deer Creek Villas Metropolitan District (the "District"), located in the in Jefferson County, ("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 December 7, 2020, as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act to manage the financing, construction, and operation and maintenance of the facilities located within the District and derives its revenue principally from bond proceeds. The District is governed by an elected Board of Directors.

The District was formed pursuant to a Service Plan approved by the County. Under the Service Plan, the District must obtain the approval prior to any inclusion of property in or exclusion of property from the boundaries of the District.

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, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* 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 has no employees and all operations and administrative functions are contracted.

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

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 for which they are collected.

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. 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.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

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. Total appropriations in the General Fund were amended.

Assets, Liabilities, Deferred Outflows/Inflows of Resources 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 government 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. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

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 position 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 no items to report under this category.

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 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.

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 $5,000 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 acquisition 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 Equity

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.

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 $3,369 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 $843,327 is restricted for the payment of the debt service costs associated with the General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds Series 2022A (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of $3,597 is restricted for the payment of the costs for capital improvements within the District.

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.

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.

Unassigned Fund Balance
Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, and all 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. The District has no amount to report in this category.

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 position are available, the District will use the most restrictive net position first.

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- Restricted	$ 810,554
Total	$ 810,554

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

Deposits	$ 4,850
Investments – Invesco Treasury	782,286
COLOTRUST	23,418
Total	$ 810,554

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.

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District 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 investing 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.

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:

Invesco Treasury Obligation Fund
The District's funds that were included in the trust accounts at BOK Bank were invested in the Invesco Treasury Obligation Fund ("Portfolio"). This Portfolio is a money market fund and each share is equal in value to $1.00. All investments within the Portfolio are recorded at fair value and the District records its investment in the Portfolio at NAV. The Portfolio is AAAm rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The maturity of the underlying securities is 9 days or less. As of December 31, 2025, the District has $782,286 invested in the Portfolio.

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 three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. At December 31, 2025, the District had $23,418 invested in COLOTRUST Plus+.

Note 3: Capital Assets

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

Governmental Type Activities:	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated:				
Construction in progress	$ 5,219,572	$ -	$ -	$ 5,219,572
Total capital assets not being depreciated:	5,219,572	-	-	5,219,572
Government type assets, net	$ 5,219,572	$ -	$ -	$ 5,219,572

Note 4: Long Term Debt

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

	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Current Portion
General Obligation Bonds:					
Series 2022A	$ 6,085,000	$ -	$ -	$ 6,085,000	$ -
Series 2022B	650,000	-	-	650,000	-
	6,085,000	-	-	6,735,000	-
Other:					
Developer advances	94,880	12,000	-	106,880	-
Interest on Developer advance	2,721	7,205	-	9,926	-
	97,601	19,205	-	116,806	-
	$ 6,182,601	$ 19,205	$ -	$ 6,851,806	$ -

A description of the long-term obligations as of December 31, 2025, is as follows:

$6,085,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2022A and $650,000 Subordinate Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2022B

On February 24, 2022 the District issued $6,085,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2022A ("Series 2022A Bonds") and $650,000 Subordinate Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2022B ("Series 2022B Bonds") for the purpose of paying a portion of the costs of the Project Costs funding the Senior Reserve and funding a portion of the interest to accrue on the Series 2022A Bonds and paying for the costs of issuance.

The Series 2022A Bonds bear interest at 5.00% is payable semiannually on each June 1 and December 1, commencing on June 1, 2022, and mature on December 1, 2055. The Series 2022 B Bonds bear interest at the rate of 7.75%, payable annually on December 15, commencing on December 15, 2022, to the extent that Pledged Revenue is available, and mature on December 15, 2055. The Series 2022A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2027, and 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, commencing on December 1, 2027, upon payment of par, accrued interest plus a redemption premium ranging from 3.00% to 0.00%.

The Series 2022B Bonds 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, commencing on December 15, 2027, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

The Series 2022A Bonds are secured by the Senior Required Mill Levy the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, and any other legally available moneys as determined by the District.

The Series 2022B Bonds are limited tax "cash flow" general obligations of the District and are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy, and any other legally available moneys as determined by the District.

Events of Default as defined in the Series 2022A Bonds and the Series 2022B Bonds Indentures include 1) the failure or refusal of the District to impose the Required Mill levy, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2022A Bonds or the Series 2022B Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2022A Bonds or the Series 2022B Bonds is not an available remedy for an Event of Default.

In the event that any amounts of principal or interest on the Series 2022B Bonds remains unpaid after application of all available Subordinate Pledged Revenue on December 15, 2061, amounts shall be deemed discharged. On December 16, 2061, any amounts still outstanding on the Series 2022B Bonds shall be deemed discharged.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2022A Bonds:

	Principal	Interest	Total
2026	$ -	$ 304,250	$ 304,250
2027	10,000	304,250	314,250
2028	20,000	303,750	323,750
2029	25,000	302,750	327,750
2030	35,000	301,500	336,500
2031-2035	310,000	1,472,750	1,782,750
2036-2040	600,000	1,368,250	1,968,250
2041-2045	990,000	1,181,000	2,171,000
2046-2050	1,495,000	884,000	2,379,000
2051-2055	2,600,000	457,000	3,057,000
	$ 6,085,000	$ 6,879,500	$ 12,964,500

Because of the uncertainty of timing of payments under the Series 2022 B Bonds no related schedule of expected principal and interest payments is presented.

Reimbursement Agreement (Operations)

The District and the Developer entered into a Reimbursement Agreement (Operations) (Deer Creek Villas Metropolitan District) dated January 22, 2021 (the "Reimbursement Agreement"). Pursuant to the Reimbursement Agreement, the Developer agreed to advances monies for operating costs paid by or on behalf of the District to vendors of goods and services provided to or on behalf of the District ("Expenditures"). Expenditures include costs paid by the Developer on behalf of the District and monetary advances made by the Developer to the District for administrative and operations expenses of the District, including professional fees and general operations costs related to the purposes of the District. In the Reimbursement Agreement, the District agreed to reimburse the Developer for all advances made by the Developer plus interest pursuant to the terms thereof. The Districts' obligations to make the reimbursement payments with interest to the Developer under the Reimbursement Agreement arise upon the receipt of advance funds by District from the Developer or upon the payment of costs by the Developer on the District's behalf, as applicable, in accordance with the procedures set forth therein. Reimbursement to the Developer for advances shall include interest on the outstanding amounts due to the Developer from the District at the annual rate of 7% simple interest beginning on the date of the advance to the date of repayment. The Reimbursement Agreement provides that it is the intent of the District and the Developer that the Reimbursement Agreement shall not constitute a "debt" or a "multiple-fiscal year direct or indirect debt or other financial obligation whatsoever" of the District within the meaning of the State constitution or any State law.

The Reimbursement Agreement further provides that nothing therein shall be construed to pledge District revenues for future years or impose obligations that would require the use of future revenues from a tax or otherwise available for general purposes. The term of Reimbursement Agreement full force and effect until December 31, 2025, unless terminated earlier by mutual written consent of the Parties thereto. The amount due under this agreement including principal and interest at December 31, 2025, was $116,806.

Facilities Funding and Acquisition Agreement

The District and the Developer entered into the Facilities Funding and Acquisition Agreement, on and effective as of January 22, 2021 (the "FFAA"), pursuant to which the District agrees to reimburse the Developer for costs incurred by the Developer related to the Developer's construction or its causing of the construction of certain public improvements set forth therein including, but not limited to sanitation and storm drainage, water, streets, traffic safety and controls, transportation, television relay and translation, security, and any other improvements authorized by the Service Plan (collectively, the "Improvements"). The FFAA provides the procedures for the acceptance by the District of the Improvements constructed by or funded by the Developer. Subject to the receipt of funding and the documentation set forth in the FFAA, the FFAA provides that the District will make payment to the Developer for all costs related to the construction or funding of the Improvements plus simple interest thereon at the rate of 7% from the date of expenditure by the Developer to the date of repayment.

The FFAA also provides that the District can construct the Improvements with moneys advanced from the Developer in accordance with the procedures set forth therein. Subject to the receipt of funding and the documentation set forth in the FFAA, the District agrees to repay the Developer for all of the moneys advanced by the Developer for the District's construction of the Improvements plus simple interest thereon to be accrued at the 7% from the date of each advance of the until the date of repayment.

In the FFAA, the Parties agree that no payment is to be required by the District for Improvements whether constructed by the District with money advanced by the Developer or constructed or funded by the Developer unless or until the District issues bonds or other appropriate legally available instruments. The FFAA further provides that that FFAA evidences an intent to reimburse the Developer, but that the FFAA is not to constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year financial obligation and that the making of any reimbursements under the FFAA is subject to annual appropriation by the District in its absolute discretion. The District's obligation to reimburse the Developer under the FFAA will commence on the date of the expenditure for the improvements. The term of the FFAA runs to and through December 31, 2050 unless terminated earlier by the mutual written agreement of the Parties, at which point any amount principal and accrued interest outstanding on such date will be deemed to be forever discharged and satisfied in full. As of December 31, 2025, no amounts were due under the FFAA.

Debt Authorization

During 2020, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $8,000,000. After the issuance of the Series 2022A Bonds and the Series 2022 B Bonds, the remaining authorization is $1,265,000. Per the District's Service Plan, the District cannot issue debt in excess of $8,000,000. $1,265,000 of the Service Plan authorization remains as of December 31, 2025.

Note 5: Related Party

Some members of the Board of Directors are owners, officers, employees, or otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 6: 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.

Note 7: 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 ("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 8: Reconciliation of Government-Wide Financial Statements and Fund Financial 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 governmental activities are not financial resources and, therefore are not reported in the funds; and
2) 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 interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
2) governmental funds report developer advances and/or bond proceeds as revenue; and
3) 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

DEER CREEK VILLAS METROPOLITAN DISTRICT

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

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	$ 500	$ 182	$ (318)
Total Revenues	500	182	(318)
EXPENDITURES			
Capital expenditures	-	-	-
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	500	182	(318)
FUND BALANCE:			
BEGINNING OF YEAR	3,516	3,415	(101)
END OF YEAR	$ 4,016	$ 3,597	$ (419)

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

DEER CREEK VILLAS METROPOLITAN DISTRICT

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

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 215,711	$ 215,711	$ -
Specific ownership taxes	12,943	14,625	1,682
Interest income	20,000	29,661	9,661
Total Revenues	248,654	259,997	11,343
EXPENDITURES			
Bond interest	304,250	304,250	-
Trustee fees	5,000	3,000	2,000
Treasurer fees	3,236	3,236	-
Total Expenditures	312,486	310,486	2,000
NET CHANGE IN FUND BALANCE	(63,832)	(50,489)	13,343
FUND BALANCE:			
BEGINNING OF YEAR	888,542	893,816	5,274
END OF YEAR	$ 824,710	$ 843,327	$ 18,617

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

DEER CREEK VILLAS METROPOLITAN DISTRICT

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	Debt Service	Total	Levied	Collected	
2022	$ 1,056,746	68.164	0.000	68.164	$ 72,032	$ 72,336	100.42%
2023	$ 2,979,774	12.500	55.664	68.164	$ 203,113	$ 203,114	100.00%
2024	$ 3,108,208	13.111	58.383	71.494	$ 222,219	$ 223,512	100.58%
2025	$ 3,694,755	13.111	58.383	71.494	$ 264,154	$ 264,153	100.00%
Estimated for year ending December 31, 2026	$ 5,228,649	12.689	59.589	72.278	$ 377,916		

NOTE
Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in