GREEN GABLES METROPOLITAN DISTRICT NO. 2
Jefferson County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

GREEN GABLES METROPOLITAN DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025

ANNUAL DISCLOSURE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Green Gables Metropolitan District No. 2
Jefferson County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Green Gables Metropolitan District No. 2 (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025 and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Fiscal Focus Partners, LLC
PO Box 740339, Arvada, CO 80006
303.202.1800 Office www.ffpcpa.com

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Annual Disclosure Information

The annual disclosure information 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 it.

Fiscal Focus Partners, LLC

Arvada, Colorado
June 11, 2026

BASIC FINANCIAL STATEMENTS

GREEN GABLES METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 155,781
Cash and Investments - Restricted	990,658
PIF Receivable	25,539
Prepaid Insurance	4,502
Receivable from County Treasurer	6,384
Property Tax Receivable	1,214,912
Capital Assets:	
Capital Assets Net of Depreciation	1,287,795
Total Assets	3,685,571
DEFERRED OUTFLOWS OF RESOURCES	
Bond Insurance Cost	409,653
Total Deferred Outflows of Resources	409,653
LIABILITIES	
Accounts Payable	24,351
Accrued Bond Interest - Series 2023A	63,859
Noncurrent Liabilities:	
Due Within One Year	185,000
Due in More Than One Year	26,934,254
Total Liabilities	27,207,464
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,214,912
Total Deferred Inflows of Resources	1,214,912
NET POSITION	
Restricted for:	
Emergency Reserve	6,100
Debt Service	1,012,239
Unrestricted	(25,345,491)
Total Net Position	$ (24,327,152)

See accompanying Notes to Basic Financial Statements.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 141,536	$ -	$ -	$ -	$ (141,536)
Interest on Long-Term Debt and Related Costs	1,744,778	-	-	-	(1,744,778)
Total Governmental Activities	$ 1,886,314	$ -	$ -	$ -	(1,886,314)
	GENERAL REVENUES				
	Property Taxes				1,137,382
	Specific Ownership Taxes				78,455
	Interest Income				49,329
	Other Revenue				584
	PIF Revenue				324,160
	Total General Revenues				1,589,910
	CHANGES IN NET POSITION				(296,404)
	Net Position - Beginning of Year				(24,030,748)
	NET POSITION - END OF YEAR				$ (24,327,152)

See accompanying Notes to Basic Financial Statements.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	$ 155,781	$ -	$ 155,781
Cash and Investments - Restricted	6,100	984,558	990,658
Receivable from County Treasurer	1,064	5,320	6,384
PIF Receivable	-	25,539	25,539
Prepaid Insurance	4,502	-	4,502
Property Tax Receivable	202,477	1,012,435	1,214,912
Total Assets	$ 369,924	$ 2,027,852	$ 2,397,776
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 21,173	$ 3,178	$ 24,351
Total Liabilities	21,173	3,178	24,351
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	202,477	1,012,435	1,214,912
Total Deferred Inflows of Resources	202,477	1,012,435	1,214,912
FUND BALANCES			
Nonspendable:			
Prepaid Expense	4,502	-	4,502
Restricted for:			
Emergency Reserves	6,100	-	6,100
Debt Service	-	1,012,239	1,012,239
Unassigned	135,672	-	135,672
Total Fund Balances	146,274	1,012,239	1,158,513
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 369,924	$ 2,027,852	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			1,287,795
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Accrued Interest			(63,859)
Bonds Payable - Series 2023A			(14,980,000)
Bonds Payable - Series 2023B			(5,967,000)
Unamortized Bond Discount			160,619
Bond Insurance Cost, Net of Amortization			409,653
Accrued Interest - Bonds Payable 2023B			(881,938)
Developer Advance Payable			(5,450,935)
Net Position of Governmental Activities			$ (24,327,152)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	$ 189,561	$ 947,821	$ 1,137,382
Specific Ownership Taxes	13,076	65,379	78,455
Interest Income	17	49,312	49,329
Other Revenue	-	584	584
PIF Revenue	-	324,160	324,160
Total Revenues	202,654	1,387,256	1,589,910
EXPENDITURES			
Current:			
Accounting	45,000	-	45,000
Auditing	6,550	-	6,550
Banking Fees	139	-	139
County Treasurer's Fee	2,805	14,025	16,830
District Management	23,400	-	23,400
Dues And Membership	381	-	381
Election	1,384	-	1,384
Insurance	4,754	-	4,754
Legal	20,724	-	20,724
Miscellaneous	416	-	416
PIF Collection Fees	-	7,700	7,700
Website	2,230	-	2,230
Debt Service:			
Bond Interest Series 2023A	-	775,056	775,056
Bond Interest Series 2023B	-	269,200	269,200
Bond Principal Series 2023A	-	175,000	175,000
Paying Agent Fees	-	7,000	7,000
Total Expenditures	107,783	1,247,981	1,355,764
NET CHANGE IN FUND BALANCES	94,871	139,275	234,146
Fund Balances - Beginning of Year	51,403	872,964	924,367
FUND BALANCES - END OF YEAR	$ 146,274	$ 1,012,239	$ 1,158,513

See accompanying Notes to Basic Financial Statements.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 234,146
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.	
Depreciation Expense	(33,753)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.	
Bond Principal Payment	175,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest Payable - Change in Liability	(271,650)
Accrued Interest Payable Developer Advance - Change in Liability	(372,004)
Amortization of Bond Insurance	(20,028)
Amortization of Bond Discount	(8,115)
Changes in Net Position of Governmental Activities	$ (296,404)

See accompanying Notes to Basic Financial Statements.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 192,855	$ 189,561	$ (3,294)
Specific Ownership Taxes	13,500	13,076	(424)
Interest Income	-	17	17
Total Revenues	206,355	202,654	(3,701)
EXPENDITURES			
Accounting	47,000	45,000	2,000
Auditing	6,700	6,550	150
Banking Fees	20	139	(119)
Contingency	1,357	-	1,357
County Treasurer's Fee	2,893	2,805	88
District Management	23,400	23,400	-
Dues And Membership	450	381	69
Election	5,000	1,384	3,616
Insurance	4,930	4,754	176
Legal	35,000	20,724	14,276
Miscellaneous	750	416	334
Snow Removal	5,000	-	5,000
Website	3,500	2,230	1,270
Total Expenditures	136,000	107,783	28,217
NET CHANGE IN FUND BALANCE	70,355	94,871	24,516
Fund Balance - Beginning of Year	51,371	51,403	32
FUND BALANCE - END OF YEAR	$ 121,726	$ 146,274	$ 24,548

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

The Green Gables Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Order and Decree of the District Court for Jefferson County recorded on January 10, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized in conjunction with Green Gables Metropolitan District No. 1 (District No. 1). Services are provided to the Green Gables mixed-use redevelopment (the Project) by the District and District No. 1. The District serves the residential and commercial portion of the Project and District No. 1 serves the single-family residential portions of the Project. The Districts each operate as distinct and separate entities, however, the Districts entered into various intergovernmental agreements to coordinate efforts in the financing and construction of facilities and provision of improvements to the Project. The Districts' service area is generally located east of Wadsworth Boulevard and south of Jewell Avenue in Jefferson County. The District was established to provide water, storm sewer and sanitary sewer, streets and traffic safety protection, parks and recreation, and covenant enforcement.

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

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds, notes and developer advances are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Adoption of New Accounting Standards

In December 2023, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 102, Certain Risk Disclosures. This standard requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

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.

Budgets

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

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

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

Capital Assets

Capital assets, which include property and infrastructure assets (e.g., detention ponds and similar items), are reported in the applicable governmental 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Streets and street improvements	40 years

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Discount and Bond Insurance

In the government-wide financial statements, bond discounts and bond insurance are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond discounts and bond insurance, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses.

Bond Insurance and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *bond insurance costs,* is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and Investments	$ 155,781
Cash and Investments - Restricted	990,658
Total Cash and Investments	$ 1,146,439

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

Deposits with Financial Institutions	$ 189,379
Investments	957,060
Total Cash and Investments	$ 1,146,439

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of $189,379.

Investments

The District has adopted a formal investment policy that follows state statutes regarding investments.

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

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

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

. Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
. General obligation and revenue bonds of U.S. local government entities
. Certain certificates of participation
. Certain securities lending agreements
. Bankers' acceptances of certain banks
. Commercial paper
. Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
. Certain money market funds
. Guaranteed investment contracts
* Local government investment pools

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset	Weighted-Average	
Plus+ Trust (COLOTRUST+)	Under 60 Days	$ 957,060
Total		$ 957,060

COLOTRUST

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

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

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

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

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Being Depreciated:				
Streets	$ 1,350,120	$ -	$ -	$ 1,350,120
Total Capital Assets, Being Depreciated	1,350,120	-	-	1,350,120
Less Accumulated Depreciation for:				
Streets	28,572	33,753	-	62,325
Total Accumulated Depreciation	28,572	33,753	-	62,325
Total Capital Assets, Being Depreciated, Net	1,321,548	(33,753)	-	1,287,795
Governmental Activities Capital Assets, Net	$ 1,321,548	$ (33,753)	$ -	$ 1,287,795

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
General Obligation Bonds Series 2023A	$ 15,155,000	$ -	$ 175,000	$ 14,980,000	$ 185,000
Subordinate Bonds Series 2023B	5,967,000	-	-	5,967,000	-
Subtotal Bonds Payable	21,122,000	-	175,000	20,947,000	185,000
Accrued Interest on:					
Series 2023B Subordinate Bonds	609,559	541,579	269,200	881,938	-
Subtotal Notes/Loans/Bonds from Direct Borrowings and Direct Placements	609,559	541,579	269,200	881,938	-
Other Debts:					
Developer Advance - Capital	4,650,056	-	-	4,650,056	-
Accrued Interest on:					
Developer Advance - Capital	428,875	372,004	-	800,879	-
Subtotal Other Debts	5,078,931	372,004	-	5,450,935	-
Bond Premium/Discount:					
Bond Discount - Series 2023A	(168,734)	-	8,115	(160,619)	-
Subtotal Bond Premium / Discount	(168,734)	-	8,115	(160,619)	-
Total Long-Term Obligations	$ 26,641,756	$ 913,583	$ 452,315	$ 27,119,254	$ 185,000

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's general obligation bonds outstanding during 2025 are as follows:

Limited Tax (Convertible to Unlimited Tax) General Obligation and Special Revenue Refunding and Improvement Senior Bonds, Series 2023A and Limited Tax General Obligation and Special Revenue Subordinate Bonds, Series 2023B

On October 12, 2023, the District issued its Limited Tax (Convertible to Unlimited Tax) General Obligation and Special Revenue Refunding and Improvement Senior Bonds, Series 2023A, in the original principal amount of $15,325,000 (2023A Bonds) and its Limited Tax General Obligation and Special Revenue Subordinate Bonds, Series 2023B, in the original principal amount of $5,967,000 (2023B Bonds and together with the 2023A Bonds, the 2023 Bonds).

Proceeds of the Bonds

Proceeds from the sale of the 2023A Bonds were used to: (i) refund the Limited Tax (Convertible to Unlimited) General Obligation Senior, Series 2018A and Limited Tax General Obligation Subordinate Bonds, Series 2018B Bonds; (ii) reimburse the costs of public improvements related to the development of property in the District; (iii) purchase the 2023A Bond Insurance Policy; (iv) fund the Reserve Fund (including through the purchase of the Reserve Fund Surety Policy); and (v) pay the costs of issuance of the 2023 Bonds.

Proceeds from the sale of the 2023B Bonds were used to: (i) reimburse the costs of public improvements related to the development of property in the District; and (ii) pay certain costs of issuance of the 2023B Bonds.

Optional Redemption

The 2023A Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part, on December 1, 2033, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

The 2023B Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2028, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

Date of Redemption	Redemption Premium
December 1, 2028, to November 30, 2029	3.00%
December 1, 2029, to November 30, 2030	2.00
December 1, 2030, to November 30, 2031	1.00
December 1, 2031, and thereafter	0.00

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax (Convertible to Unlimited Tax) General Obligation and Special Revenue Refunding and Improvement Senior Bonds, Series 2023A and Limited Tax General Obligation and Special Revenue Subordinate Bonds, Series 2023B (Continued)

2023A Bonds Details

The 2023A Bonds bear interest at rates ranging from 5.00% to 5.25%, payable to the extent of Senior Pledged Revenue on each June 1 and December 1 (Interest Payment Dates), beginning on December 1, 2023. Principal payments are due December 1 on each 2023A Bond maturity, beginning on December 1, 2024. The 2023A Bonds have a final maturity date of December 1, 2058. Annual mandatory sinking fund principal payments on the term 2023A Bonds are due on each December 1, beginning on December 1, 2034.

To the extent principal of any 2023A Bond is not paid when due, such principal shall remain outstanding until paid and continue to bear interest at the rate then borne by the 2023A Bond. To the extent interest on any 2023A Bond is not paid when due, such interest shall compound on each Interest Payment Date, at the rate then borne by the 2023A Bond.

The 2023A Bonds do not have any unused lines of credit and no assets have been pledged as collateral on the 2023A Bonds.

Events of Default of the 2023A Bonds

Events of Default occur if the District fails or refuses to impose the Senior Required Mill Levy, fails or refuses to enforce the PIF Covenant or the PIF Collection Agreement, fails to apply the Senior Pledged Revenues as required by the 2023A Bonds Indenture, or on or after the Conversion Date, the District fails to pay the principal of, premium, if any, and interest on the 2023A Bonds when due, does not comply with other customary terms and conditions consistent with normal municipal financing as described in the 2023A Bonds Indenture, or files a petition under the federal bankruptcy laws or other bankruptcy laws seeking to adjust the obligation represented by the 2023A Bonds. Acceleration of the 2023A Bonds shall not be an available remedy for an Event of Default.

Senior Pledged Revenue

The 2023A Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, defined as: (a) the Senior Property Tax Revenue derived from the District's imposition of the Senior Required Mill Levy, net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County; (b) the PIF Revenue; (c) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Senior Required Mill Levy; (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax (Convertible to Unlimited Tax) General Obligation and Special Revenue Refunding and Improvement Senior Bonds, Series 2023A and Limited Tax General Obligation and Special Revenue Subordinate Bonds, Series 2023B (Continued)

Senior Required Mill Levy

The Senior Required Mill Levy is an ad valorem mill levy imposed upon all taxable property within the District each year in an amount, which combined with the Estimated PIF Revenue, will generate Senior Property Tax Revenue sufficient to pay the 2023A Bonds as they come due, and if necessary, replenish the Reserve Fund to the Reserve Fund Requirement, and if necessary, fund the Surplus Fund to the Maximum Surplus Amount. Prior to the Conversion Date, the Senior Required Mill Levy may not exceed 50 mills, subject to the Mill Levy Adjustment. The Mill Levy Adjustment is an increase or decrease to the maximum mill levy imposed by the District to occur in the event the method of calculating assessed valuation by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement, is or was changed after September 11, 2012. To the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. A change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

The Conversion Date is the first date on which the Senior Debt to Assessed Ratio is equal to or less than 50%.

Mandatory Extraordinary Redemption

The 2023A Bonds are subject to mandatory extraordinary redemption on the January 15 immediately succeeding the Conversion Date, solely from and to the extent of moneys on deposit in the Surplus Fund on the Conversion Date.

Additional Security for the 2023A Bonds

The 2023A Bonds are additionally secured by the 2023A Bond Insurance Policy, the Reserve Fund in the amount of the Reserve Fund Requirement of $954,988, and by amounts, if any, on deposit in the Surplus Fund up to the Maximum Surplus Amount equal to 50% of the Reserve Fund Requirement.

2023A Bond Insurance Policy

The scheduled payment of principal of and interest on the 2023A Bonds when due will be guaranteed under a municipal bond insurance policy issued by Build America Mutual Assurance Company.

Reserve Fund

The Reserve Fund will be half funded with proceeds from the 2023A Bonds and half funded with the Reserve Fund Surety Policy. Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the 2023A Bonds to the extent the moneys in the 2023A Bond Fund are insufficient for such purpose.

Amounts on deposit in the Reserve Fund on the final maturity date of the Bonds are to be applied to the payment of the 2023A Bonds on such date.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax (Convertible to Unlimited Tax) General Obligation and Special Revenue Refunding and Improvement Senior Bonds, Series 2023A and Limited Tax General Obligation and Special Revenue Subordinate Bonds, Series 2023B (Continued)

Surplus Fund

Senior Pledged Revenue that is not needed to pay debt service on the 2023A Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of $477,494. The Surplus Fund is to be maintained until the Conversion Date, and at such time, the amounts therein will be used for Mandatory Extraordinary Redemption (discussed above).

2023B Bonds Details

The 2023B Bonds are structured as “cash flow” bonds, meaning that there are no scheduled payments of principal prior to the maturity date. Instead, principal is payable on each December 15, beginning on December 15, 2023, from and to the extent of available Subordinate Pledged Revenue, if any, pursuant to a mandatory redemption. The 2023B Bonds mature on December 15, 2053.

The 2023B Bonds bear interest at a rate of 8.25% per annum, payable annually to the extent of Subordinate Pledged Revenue available on each December 15, commencing on December 15, 2023.

To the extent principal of any 2023B Bond is not paid when due, such principal is to remain outstanding until the earlier of its payment in full or the 2023B Bond Termination Date, and shall continue to bear interest at the rate then borne by the 2023B Bond. Unpaid interest on the 2023B Bonds compounds annually on each December 15 at the interest rate then borne by the 2023B Bonds.

In the event that any amount of principal or interest on the 2023B Bonds remains unpaid after the application of all Subordinate Pledged Revenue on December 15, 2063 (the 2023B Bond Termination Date), the 2023B Bonds and the lien of the Subordinate Indenture securing payment thereof will be deemed discharged.

The 2023B Bonds do not have any unused lines of credit and no assets have been pledged as collateral on the 2023B Bonds.

Events of Default of the 2023B Bonds

Events of Default occur if the District fails or refuses to impose the Subordinate Required Mill Levy, fails or refuses to enforce the PIF Covenant or the PIF Collection Agreement, fails to apply the Subordinate Pledged Revenues as required by the Subordinate Indenture, does not comply with other customary terms and conditions consistent with normal municipal financing as described in the 2023B Bonds Indenture or the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the 2023B Bonds. Acceleration of the 2023B Bonds shall not be an available remedy for Event of Default.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax (Convertible to Unlimited Tax) General Obligation and Special Revenue Refunding and Improvement Senior Bonds, Series 2023A and Limited Tax General Obligation and Special Revenue Subordinate Bonds, Series 2023B (Continued)

Subordinate Pledged Revenue

The 2023B Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, generally defined in the 2023B Bonds Indenture as: (a) the Subordinate Property Tax Revenue derived from the District's imposition of the Subordinate Required Mill Levy, net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County; (b) the Subordinate PIF Revenue remaining after deduction of all amounts applied to the payment of the 2023A Bonds; (c) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Subordinate Required Mill Levy

The Subordinate Indenture defines the Subordinate Required Mill Levy as an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 50 mills (subject to the Mill Levy Adjustment (discussed above)) less the amount of the Senior Bonds Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the 2023B Bonds in full.

It is the intent that if the amount of the Senior Bond Mill Levy equals or exceeds 50 mills (as adjusted) in any year, the Subordinate Required Mill Levy for that year shall be zero.

Bonds Debt Service

Due to the cash flow nature of the 2023B Bonds that are payable only to the extent of Subordinate Pledged Revenue available, principal and interest payments on the 2023B Bonds cannot be predicted with certainty and are not presented in the maturity schedule.

The District's long-term obligations relating to the 2023A Bonds will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 185,000	$ 766,306	$ 951,306
2027	195,000	757,056	952,056
2028	205,000	747,306	952,306
2029	215,000	737,056	952,056
2030	225,000	726,306	951,306
2031-2035	1,310,000	3,451,030	4,761,030
2036-2040	1,680,000	3,087,780	4,767,780
2041-2045	2,130,000	2,624,724	4,754,724
2046-2050	2,740,000	2,022,808	4,762,808
2051-2055	3,515,000	1,244,421	4,759,421
2056-2058	2,580,000	275,626	2,855,626
Total	$ 14,980,000	$ 16,440,419	$ 31,420,419

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

Pursuant to the Service Plan, the District and District No. 1 are permitted to issue bond indebtedness in an aggregate amount up to $49,000,000 (Service Plan Debt Issuance Limit). In no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the Debt authorized to be issued under the Service Plan. As of December 31, 2025, the District has remaining authorization under the Service Plan of $13,798,000.

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power relative to debt for public improvements.

With that understanding, on November 6, 2012, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $392,000,000 at an interest rate not to exceed 18% per annum. On December 31, 2025, the District had authorized but unissued indebtedness of $370,708,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt, for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 NET POSITION

The District has net position consisting of two components, restricted and unrestricted.

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

	Governmental Activities
Restricted Net Position:	
Emergencies	$ 6,100
Debt Service Reserve	1,012,239
Total Restricted Net Position	$ 1,018,339

The District has a deficit in unrestricted net position. The deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements.

NOTE 7 DISTRICT AGREEMENTS

Jefferson County IGA

On May 31, 2013, the District entered into an Intergovernmental Agreement with Jefferson County, State of Colorado, and District No. 1 (IGA). The IGA designates the terms under which the County will be responsible for maintenance of certain public roadways upon acceptance, but will not be responsible for the maintenance of the Architectural and Design Elements, which are not related to the structural integrity or safety of the roadway, and which are cosmetic. The Districts shall, at their sole cost and expense be responsible for the maintenance, repair and replacement of the Architectural and Design Elements described in the IGA in perpetuity.

The IGA was amended April 18, 2017 to include open space tracts to be held and managed by Jefferson County. The District will be responsible for maintenance of public improvements in the open space tracts.

Intergovernmental Agreement for Cost Sharing

On October 23, 2018, the District and District No. 1 entered into an Intergovernmental Agreement for Cost Sharing (Cost Sharing IGA). The purpose of the Cost Sharing IGA is to: (i) identify and approve the allocation of the Shared Costs (as defined in the Cost Sharing IGA) as between the District and District No. 1; (ii) evidence the agreement of the District and District No. 1 to assume the obligation to reimburse the Developer for their respective share of the Allocated Costs (as defined in the Cost Sharing IGA); and (iii) agree and acknowledge that the method of determining the allocation of the Allocated Costs will apply to the remaining Shared Improvements to be constructed by either the District or District No. 1 in the future.

PIF Covenant

On February 13, 2015, Green Gables Development Company, Inc. (the Prior Developer), as the owner of certain real property within the District and District No. 1, recorded the Declaration of Covenants Imposing and Implementing Public Improvement Fees (the PIF Covenant). The PIF Covenant imposes a public improvement fee in the amount of 3.5% (PIF) on all retail transactions (subject to certain exemptions) within the District and District No. 1. The revenues derived from the PIF are pledged to the 2023 Bonds.

Agreement for Non-Potable Irrigation Water Service

On August 15, 2022, the District, District No. 1, and CalAtlantic Group, LLC (CalAtlantic) entered into an Agreement for Non-Potable Irrigation Water Service (Water Service Agreement). According to the Water Service Agreement, District No. 1 is a party to a separate agreement pursuant to which District No. 1 has the right to lease certain water to supply irrigation to the property within its boundaries. Pursuant to the Water Service Agreement, District No. 1 agreed to furnish to the District the amount of available Project Water (as defined therein), subject to the limitations therein, to irrigate certain landscaping tracts for the Townhome Project (as defined therein) developed by CalAtlantic and located within the boundaries of the District. The Water Service Agreement establishes the parties' rights and obligations relative to the provision and use of the Project Water, including but not limited to, the payment of the Monthly Water Charge and Maintenance Expenses (as those terms are defined therein).

NOTE 7 DISTRICT AGREEMENTS (CONTINUED)

Release and Indemnity Agreement

On August 15, 2022, the District and CalAtlantic entered into a Release and Indemnity Agreement whereby the parties acknowledge and agree that the District is a party to the Water Service Agreement (discussed above) solely as an accommodation to ensure the Water Service Agreement was entered into for the benefit of CalAtlantic. The parties further agree that, irrespective of any statement or provision of the Water Service Agreement, CalAtlantic, and not the District, will be fully responsible for all obligations under the Water Service Agreement. As such, CalAtlantic agrees to release the District from any obligation that may be stated as a District obligation under the Water Service Agreement. Further, CalAtlantic waives and releases any present and future claims against the District arising out of the Water Service Agreement and the Owner Obligations (as defined therein) and agrees to indemnify the District from any third-party claims arising out of the Water Service Agreement and any actions or omissions of the District in connection with the Owner Obligations under the Water Service Agreement.

NOTE 8 RELATED PARTY

Certain members on the Board of Directors are employees, owners, or are otherwise associated with the Prior Developer and the New Developer (as defined below) and may have conflicts of interest in dealing with the District.

Developer Advances

The District has entered into Funding and Reimbursement Agreements with the New Developer as follows:

Facilities Funding and Acquisition Agreement

On December 23, 2024, with an effective date of December 31, 2024, the District and SANDERSON ONE, LLC (New Developer) entered into a Facilities Funding and Acquisition Agreement (the FFAA). Pursuant to the FFAA, the New Developer agrees to construct public improvements for reimbursement and acquisition by the District in accordance with the terms therein. The parties further acknowledged and agreed that as of the effective date of the FFAA, the District previously accepted Verified Costs (as defined therein) in the principal amount of $4,650,056. Simple interest accrues on those construction related expenses and the Outstanding Advances at a rate of 8% until paid. The FFAA does not constitute a debt, nor a multiple fiscal year obligation of the District and the making of any reimbursement thereunder is subject to annual appropriation by the District. In the event the District has not reimbursed the New Developer for amounts owed under the FFAA by December 31, 2054, any such amounts outstanding shall be deemed discharged.

As of December 31, 2025, the balance outstanding under the FFAA is $5,450,935, consisting of $4,650,056 of principal and $800,879 of accrued interest.

NOTE 9 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2025. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 6, 2012, a majority of the District's electors authorized the District to collect and spend or retain in a reserve the full amount of all currently levied taxes and fees of the District annually, without regard to any limitations under TABOR.

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.

SUPPLEMENTARY INFORMATION

GREEN GABLES METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 964,290	$ 947,821	$ (16,469)
Specific Ownership Taxes	67,500	65,379	(2,121)
Interest Income	37,584	49,312	11,728
Other Revenue	188,602	584	(188,018)
PIF Revenue	297,000	324,160	27,160
Total Revenues	1,554,976	1,387,256	(167,720)
EXPENDITURES			
Banking Fees	100	-	100
County Treasurer's Fee	14,464	14,025	439
Paying Agent Fees	7,000	7,000	-
PIF Collection Fees	7,700	7,700	-
Bond Interest Series 2023A	775,056	775,056	-
Bond Interest Series 2023B	282,078	269,200	12,878
Bond Principal Series 2023A	175,000	175,000	-
Contingency	188,602	-	188,602
Total Expenditures	1,450,000	1,247,981	202,019
NET CHANGE IN FUND BALANCE	104,976	139,275	34,299
Fund Balance - Beginning of Year	850,012	872,964	22,952
FUND BALANCE - END OF YEAR	$ 954,988	$ 1,012,239	$ 57,251

GREEN GABLES METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE OBLIGATIONS AND INTEREST REQUIREMENTS TO MATURITY
LONG-TERM DEBT
DECEMBER 31, 2025

Bonds/Loans and Interest Maturing in the Year Ending December 31,	$15,325,000 Limited Tax (Convertible to Unlimited Tax) General Obligation and Special Revenue Refunding and Improvement Senior Bonds Series 2023A Interest Rate 5.00 - 5.25% Dated October 12, 2023 Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2026	$ 185,000	$ 766,306	$ 951,306
2027	195,000	757,056	952,056
2028	205,000	747,306	952,306
2029	215,000	737,056	952,056
2030	225,000	726,306	951,306
2031	235,000	715,056	950,056
2032	250,000	703,306	953,306
2033	260,000	690,806	950,806
2034	275,000	677,806	952,806
2035	290,000	664,056	954,056
2036	305,000	649,556	954,556
2037	320,000	634,306	954,306
2038	335,000	618,306	953,306
2039	350,000	601,556	951,556
2040	370,000	584,056	954,056
2041	385,000	565,556	950,556
2042	405,000	546,306	951,306
2043	425,000	526,056	951,056
2044	445,000	504,806	949,806
2045	470,000	482,000	952,000
2046	495,000	457,913	952,913
2047	520,000	432,544	952,544
2048	545,000	405,894	950,894
2049	575,000	377,963	952,963
2050	605,000	348,494	953,494
2051	635,000	317,488	952,488
2052	665,000	284,944	949,944
2053	700,000	250,863	950,863
2054	740,000	214,988	954,988
2055	775,000	176,138	951,138
2056	815,000	135,450	950,450
2057	860,000	92,663	952,663
2058	905,000	47,513	952,513
Total	$ 14,980,000	$ 16,440,419	$ 31,420,419

GREEN GABLES METROPOLITAN DISTRICT NO. 2
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation	Percent Change	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2020/2021	$ 8,497,454	0.0%	61.118	$ 544,840	$ 544,840	100.00 %
2021/2022	10,245,514	20.6%	63.756	653,213	653,213	100.00 %
2022/2023	11,577,245	13.0%	66.340	768,034	766,818	99.84 %
2023/2024	16,020,456	38.4%	70.956	1,136,748	1,126,706	99.12 %
2024/2025	16,019,179	0.0%	72.235	1,157,145	1,137,382	98.29 %
Estimated for Year Ending December 31, 2026	$ 16,021,312	0.0%	75.831	$ 1,214,912		

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

Source: Jefferson County Assessor and Treasurer.

ANNUAL DISCLOSURE

GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
HISTORY OF ASSESSED VALUATION AND MILL LEVIES FOR THE DISTRICT
TABLE #1

Levy Year	Collection Year	Assessed Valuation	Percent Change	General Fund Mill Levy	Debt Service Mill Levy	Total Mill Levy
2013	2014	$ 531,135	- %	40.000	0.000	40.000
2014	2015	176,897	(66.69)	40.000	0.000	40.000
2015	2016	1,244,100	603.29	40.000	0.000	40.000
2016	2017	1,244,100	-	40.000	0.000	40.000
2017	2018	1,858,239	49.36	40.000	0.000	40.000
2018	2019	3,205,552	72.50	10.711	53.556	64.267
2019	2020	8,454,945	163.76	10.690	53.449	64.139
2020	2021	8,497,454	0.50	10.686	53.432	64.118
2021	2022	10,245,512	20.57	10.626	53.130	63.756
2022	2023	11,577,245	13.00	11.056	55.284	66.340
2023	2024	16,020,456	38.38	11.826	59.130	70.956
2024	2025	16,019,179	(0.01)	12.039	60.196	72.235
2025	2026	16,021,312	0.01	12.638	63.193	75.831

GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
PROPERTY TAX COLLECTIONS FOR THE DISTRICT
TABLE #2

Levy Year	Collection Year	Taxes Levied	Current Tax Collection (*)	Collection Rate
2013	2014	$ 21,245	$ 7,076	33.31 %
2014	2015	7,076	7,076	100.00
2015	2016	49,794	49,764	99.94
2016	2017	49,764	49,764	100.00
2017	2018	74,330	74,330	100.00
2018	2019	206,012	206,011	100.00
2019	2020	542,291	542,292	100.00
2020	2021	554,840	544,840	98.20
2021	2022	653,213	653,213	100.00
2022	2023	768,034	766,818	99.84
2023	2024	1,136,748	1,126,706	99.12
2024	2025	1,157,145	1,137,382	98.29
2025	2026	1,214,912	693,699	57.10

(*) Collections distributed through June, 2026.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
TABLE #3

Property Class	Total Assessed Valuation	Percentage of Taxpayer/ Assessed Valuation
Valuation Year - 2025		
Vacant	$ 524,853	3.28%
Commercial	3,192,154	19.92
Natural Resources	23	0.00
State Assessed	1,898	0.01
Personal Property	1,054,958	6.58
Residential	5,841,988	36.46
Residential Multi Family	5,405,438	33.74
Total	$ 16,021,312	100%

GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
TOP TEN OWNERS OF TAXABLE PROPERTY WITHIN THE DISTRICT
TABLE #4

Taxpayer Name	Assessed Valuation	Percentage of Taxpayer / Assessed Valuation (*)
Valuation Year - 2025		
Bel Westwood LLC	$ 5,545,457	34.61%
Georgia Park CO LLP	737,370	4.60
KANDIJAK LLC	720,916	4.50
AJANDKJ LLC	621,839	3.88
Lupine Investment Group LLC	563,760	3.52
Express 71 Propco LLC	476,917	2.98
Circle K Stores Inc	407,303	2.54
Zubha Realty LP	365,850	2.28
MMC Two LLC	230,166	1.44
Public Service Co of Colorado	198,872	1.24
Total	$ 9,868,450	61.60%

(*) Percentages are based on the 2025 assessed valuation of $16,021,312.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
SELECTED DEBT RATIOS OF THE DISTRICT
TABLE #5

Property Class	Total Debt	Senior Debt
Direct Debt	$ 20,947,000	$ 14,980,000
2025 Certified Assessed Valuation	16,021,312	16,021,312
Ratio of Direct Debt to 2025 Certified Assessed Valuation	131%	94%
2025 District Statutory Actual Value	193,732,740	193,732,740
Ratio of Direct Debt to 2022 District Statutory "Actual" Value	10.81%	7.73%