LORSON RANCH METROPOLITAN DISTRICT NO. 6
El Paso County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lorson Ranch Metropolitan District No. 6
El Paso County, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Lorson Ranch Metropolitan District No. 6 (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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Period Financial Statements

The financial statements of the District as of December 31, 2024, were audited by other auditors whose report dated July 18, 2025, expressed an unmodified opinion on those statements. Accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or provide assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or other information otherwise appears to be materially misstated. If based on work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

ATLAS CPAs & Advisors PLLC

Colorado Springs, Colorado
July 6, 2026

BASIC FINANCIAL STATEMENTS

LORSON RANCH METROPOLITAN DISTRICT NO. 6
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Due from Other Districts - LRMD No. 1	$ 2,456,570
Receivable from County Treasurer	9,391
Property Tax Receivable	1,580,391
Total Assets	4,046,352
LIABILITIES	
Due to Other Districts - LRMD No. 1	1,565
Noncurrent Liabilities:	
Due in More Than One Year	48,025,352
Total Liabilities	48,026,917
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,580,391
Total Deferred Inflows of Resources	1,580,391
NET POSITION	
Restricted for:	
Debt Service	2,464,396
Unrestricted	(48,025,352)
Total Net Position	$ (45,560,956)

The accompanying notes are an integral part of the Financial Statements.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
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	$ 270,417	$ -	$ -	$ -	$ (270,417)
Intergovernmental Expenditures					
Capital Dedication to LRMD No. 1	47,210,168	-	-	-	(47,210,168)
Interest on Long-Term Debt					
and Related Costs	830,557	-	-	-	(830,557)
Total Governmental Activities	$ 48,311,142	$ -	$ -	$ -	(48,311,142)
	GENERAL REVENUES				
	Property Taxes				1,229,636
	Specific Ownership Taxes				117,861
	Interest Income				87,254
	Total General Revenues				1,434,751
	CHANGES IN NET POSITION				(46,876,391)
	Net Position - Beginning of Year				1,315,435
	NET POSITION - END OF YEAR				$ (45,560,956)

The accompanying notes are an integral part of the Financial Statements.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Receivable from County Treasurer	$ 1,565	$ 7,826	$ -	$ 9,391
Due from Other Districts - LRMD No. 1	-	2,456,570	-	2,456,570
Property Tax Receivable	269,040	1,311,351	-	1,580,391
Total Assets	$ 270,605	$ 3,775,747	$ -	$ 4,046,352
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to Other Districts - LRMD No. 1	$ 1,565	$ -	$ -	$ 1,565
Total Liabilities	1,565	-	-	1,565
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	269,040	1,311,351	-	1,580,391
Total Deferred Inflows of Resources	269,040	1,311,351	-	1,580,391
FUND BALANCES				
Restricted for:				
Debt Service	-	2,464,396	-	2,464,396
Total Fund Balances	-	2,464,396	-	2,464,396
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 270,605	$ 3,775,747	$ -	

Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Notes Payable - Accrued Interest	(815,184)
Notes Payable	(47,210,168)
Net Position of Governmental Activities	$ (45,560,956)

The accompanying notes are an integral part of the Financial Statements.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	$ 204,933	$ 1,024,703	$ -	$ 1,229,636
Specific Ownership Taxes	19,643	98,218	-	117,861
Interest Income	32	87,222	-	87,254
Total Revenues	224,608	1,210,143	-	1,434,751
EXPENDITURES				
Current:				
County Treasurer's Fee	3,074	15,373	-	18,447
Intergovernmental Expenditures - LRMD No. 1	221,534	-	-	221,534
Bond Issue Costs	-	-	45,809	45,809
Total Expenditures	224,608	15,373	45,809	285,790
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,194,770	(45,809)	1,148,961
OTHER FINANCING SOURCES (USES)				
Note Issuance Proceeds	-	-	47,210,168	47,210,168
Capital Dedication to Lorson Ranch MD No. 1	-	-	(47,210,168)	(47,210,168)
Transfers In (Out)	-	(45,809)	45,809	-
Total Other Financing Sources (Uses)	-	(45,809)	45,809	-
NET CHANGE IN FUND BALANCES	-	1,148,961	-	1,148,961
Fund Balances - Beginning of Year	-	1,315,435	-	1,315,435
FUND BALANCES - END OF YEAR	$ -	$ 2,464,396	$ -	$ 2,464,396

The accompanying notes are an integral part of the Financial Statements.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 1,148,961
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt (e.g., bonds, receipt of developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Notes Issuance	(47,210,168)
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	(815,184)
Changes in Net Position of Governmental Activities	$ (46,876,391)

The accompanying notes are an integral part of the Financial Statements.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 204,934	$ 204,933	$ (1)
Specific Ownership Taxes	18,444	19,643	1,199
Interest Income	-	32	32
Other Revenue	1,622	-	(1,622)
Total Revenues	225,000	224,608	(392)
EXPENDITURES			
Contingency	1,622	-	1,622
County Treasurer's Fee	3,074	3,074	-
Intergovernmental Expenditures - LRMD No. 1	220,304	221,534	(1,230)
Total Expenditures	225,000	224,608	392
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

The accompanying notes are an integral part of the Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Lorson Ranch Metropolitan District No. 6 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed on December 2, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in El Paso County, Colorado. The District was established to provide financing for the acquisition, construction, and installation of streets, traffic and safety controls, parks and recreational facilities, water, storm drainage, sanitation, fire protection, and mosquito control.

The District was formed under the Consolidated Service Plan in conjunction with Lorson Ranch Metropolitan Districts Nos. 1, 2, 3, 4, 5 and 7. District No. 1 will serve as the Service District with the responsibility of managing the construction and operation of facilities and improvements needed for the public improvements. District Nos. 2–7 will serve as the Financing Districts with the responsibility of providing the funding and tax base needed to support the capital improvements and operations to serve the community known as Lorson Ranch.

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 (including District Nos. 1, 2, 3, 4, 5 and 7), 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 the 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.

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 major sources of revenue susceptible to accrual are property taxes, intergovernmental revenue, 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 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 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.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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 and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single 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 and investments.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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.

Deferred Inflows of Resources

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

Equity

Net Position

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

Fund Balance

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Adoption of New Accounting Standards

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

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

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

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 had no cash deposits.

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

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

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.
Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2025, the District had no investments.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's 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
Other Debts:					
Revenue and Limited Tax Obligation					
Subordinate Promissory Note	$ -	$ 47,210,168	$ -	$ 47,210,168	$ -
Accrued Interest on:					
Subordinate Promissory Note	-	815,184	-	815,184	-
Total Long-Term Obligations	$ -	$ 48,025,352	$ -	$ 48,025,352	$ -

<u>Revenue and Limited Tax Obligation Subordinate Promissory Note</u>

On October 22, 2025, the District entered into a Revenue and Limited Tax Obligation Subordinate Note (the Note) in the amount of not to exceed $80,000,000 with the Developer and matures on October 22, 2025. On October 22, 2025, the District accepted certified infrastructure costs in the amount of $47,210,168 that was used to draw down on this loan. The Note include an interest rate of 2.00% plus the current Federal Reserve Board Prime rate and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District.

Prior to the Maturity Date, and at such time as the District has available funds, this Note may be prepaid in whole without redemption premium or other penalty, but with interest accrued on the principal amount prepaid, up to and including the date of prepayment. Any and all prepayments shall first be applied to accrued, unpaid interest, then to the principal. This Note shall be paid in full from the sources hereinafter described prior to the payment of any other obligation of the District which may have a claim on any revenues thereof that would otherwise be available for the payment of this Note, other than current operation and maintenance expenses of the District and current debt service on any outstanding bonds of the District.

This Note is executed pursuant to, and is secured by, the Amended and Restated Advance and Reimbursement Agreement between the District and the Developer dated February 3, 2020, the terms of which are hereby incorporated by reference, and has been executed and delivered to pay for certain indebtedness incurred on its behalf as set forth therein. Pursuant to said Advance and Reimbursement Agreement, the District is obligated to repay both the principal amount of this Note, and any and all interest accrued thereon, from the sources and in the manner specified therein, including but not limited to revenues resulting from the imposition of an ad valorem tax levy not in excess of 50 mills adjusted, bond proceeds, and any other legally available revenues.

On May 20, 2026, the District authorized the issuance of Series 2026 Limited Tax Obligation Bonds and refunded a portion of the loan in the amount of $45,993,000, the remaining balance of $3,635,665 will still be outstanding under the Funding and Reimbursement Agreement between the District and Developer (see Note 11).

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Funding and Reimbursement Agreement for Capital Costs

On February 3, 2020, the District entered into a Funding and Reimbursement Agreement for Capital Costs (the Agreement) with the Developer. The Developer has agreed to advance up to $300,000,000 through February 3, 2021, to fund the costs of capital projects. The agreement is subject to renewal on an annual basis as deemed appropriate by the Developer. Such advances include an interest rate of 2.00% plus the current Federal Reserve Board Prime rate and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District's ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. This agreement matured on February 3, 2021, and was extended through December 31, 2026. As of December 31, 2025, no balances outstanding under this agreement.

On May 20, 2026, the District authorized the issuance of Series 2026 Limited Tax Obligation Bonds and refunded a portion of the loan in the amount of $45,993,000, the remaining balance of $3,635,665 will still be outstanding under this reimbursement agreement between the District and Developer (see Note 11).

Authorized Debt

On November 2, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $560,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2025, the District had authorized but unissued indebtedness of $560,000,000.

As set forth in the District's original and amended Service Plan, the City has limited the amount of debt to be issued by all the combined Districts not to exceed $300,000,000 and not exceed $58,000,000 for the District without future approval by the City. The District may levy up to 50.000 mills for debt service and up to 10.000 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District. As of December 31, 2025, the District had $12,007,000 of debt capacity available under its Service Plan.

NOTE 5 NET POSITION

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

Restricted net position includes assets 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:	
Debt Service Reserve	$ 2,464,396
Total Restricted Net Position	$ 2,464,396

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

NOTE 6 RELATED PARTIES

The members of the Board of Directors of the District are employees, owners of, or otherwise associated with the Developer, the Landhuis Company, Tralon Homes, LLC, and Affirmed Financial Services, LLC, holders of the District's outstanding bonds, and may have conflicts of interest in dealing with the District. See Note 4 concerning advances made by the Developer. Any potential conflicts have been filed in accordance with Colorado Law.

NOTE 7 AGREEMENTS

District Facilities Construction and Service Agreement

On January 27, 2005, the District entered into a District Facilities Construction and Service Agreement (Master IGA) with Lorson Ranch Metropolitan District No. 1 (Service District) and Nos. 2, 3, 4, 5 and 7 (Financing Districts). Under the terms of the agreement, the Financing Districts will, over a period of years, levy sufficient taxes to pay to the service District the costs of construction, acquisition, and equipping of certain public facilities and services and the related operations and maintenance costs.

In return, the Service District has agreed to acquire, construct, and equip the facilities, provide for their operations and maintenance, and provide service to the property within District Nos. 1–7 or convey facilities to other entities that will provide the service.

NOTE 8 INTERFUND TRANSFERS

The transfer from the Debt Service Fund to the Capital Project Fund was to pay for bond issuance costs during the year. The District anticipated to issue bonds during 2026.

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). 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 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 transfers its net operating revenue to the Service District. Therefore, the Emergency Reserves related to the District’s revenues are reported in the Service District.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

On November 2, 2004, the District voters passed an election question allowing the District to increase property taxes up to $1,000,000 annually, without limitation of rate, and without regard to any spending, revenue raising, or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Sections 29-2-301, C. R. S., to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, spend, or retain all revenue without regard to any limitations under TABOR.

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.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado.

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

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

NOTE 11 SUBSEQUENT EVENTS

In preparing the financial statements, the District has evaluated transactions for potential disclosure through July 6, 2026, the date the financial statements were available to be issued. Management has determined there are no events that have occurred subsequent to December 31, 2025 that would require disclosure other than those noted below.

Series 2026 Limited Tax General Obligation Refunding Bonds

On May 20, 2026, the District authorized the issuance of Limited Tax Obligation Bonds, Series 2026 (the Bonds) in the aggregate principal amount of up to $45,993,000 with interest rate of 5.00% per annum, for the purpose of refunding the loan. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Rather, principal on the Bonds is payable annually on each December 1, commencing December 1, 2026, from, and to the extent of available Pledged Revenue (defined below). To the extent principal of any bond is not paid when due, such principal is to remain outstanding until the earlier of its payment or December 2, 2062 (the "Discharge Date") and is to continue to bear interest at the rate then borne by the Bond. The Bonds mature on December 1, 2062.

SUPPLEMENTARY INFORMATION

LORSON RANCH METROPOLITAN DISTRICT NO. 6
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	$ 1,024,706	$ 1,024,703	$ (3)
Specific Ownership Taxes	92,224	98,218	5,994
Interest Income	-	87,222	87,222
Other revenue	4,629	-	(4,629)
Total Revenues	1,121,559	1,210,143	88,584
EXPENDITURES			
County Treasurer's Fee	15,371	15,373	(2)
Bond Interest	1,625,000	-	1,625,000
Contingency	4,629	-	4,629
Total Expenditures	1,645,000	15,373	1,629,627
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(523,441)	1,194,770	1,718,211
OTHER FINANCING SOURCES (USES)			
Transfers To Other Fund	-	(45,809)	(45,809)
Total Other Financing Uses	-	(45,809)	(45,809)
NET CHANGE IN FUND BALANCE	(523,441)	1,148,961	1,672,402
Fund Balance - Beginning of Year	1,312,528	1,315,435	2,907
FUND BALANCE - END OF YEAR	$ 789,087	$ 2,464,396	$ 1,675,309

LORSON RANCH METROPOLITAN DISTRICT NO. 6
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	$ -	$ -	$ -
EXPENDITURES			
Bond Issue Costs	200,000	45,809	154,191
Total Expenditures	200,000	45,809	154,191
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(200,000)	(45,809)	154,191
OTHER FINANCING SOURCES (USES)			
Bond Issuance Proceeds	50,000,000	-	(50,000,000)
Note Issuance Proceeds	-	47,210,168	47,210,168
Developer Advance	50,000,000	-	(50,000,000)
Repay Developer Advance - Capital	(50,000,000)	-	50,000,000
Capital Dedication to Lorson Ranch MD No. 1	(49,800,000)	(47,210,168)	2,589,832
Transfers From Other Funds	-	45,809	45,809
Total Other Financing Sources (Uses)	200,000	45,809	(154,191)
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

OTHER INFORMATION

LORSON RANCH METROPOLITAN DISTRICT NO. 6
SCHEDULE OF ASSESSED VALUATION, MILL LEVY,
AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2021	$ 77,740	0.000	8.750	$ 680	$ 680	100.00 %
2022	750,820	55.663	11.132	50,151	28,623	57.07 %
2023	1,664,780	57.266	11.453	114,402	114,399	100.00 %
2024	17,941,750	60.845	12.169	1,309,999	1,315,974	100.46 %
2025	18,126,120	56.532	11.306	1,229,640	1,229,636	100.00 %
Estimated for Year Ending December 31, 2026	$ 22,684,600	57.808	11.860	$ 1,580,391		