

Meadowbrook Fairview Metropolitan District

Basic Financial Statements
and
Supplemental Information

Years Ended December 31, 2025 and 2024

with

Independent Auditor's Report

Table of Contents

Independent Auditor's Report	1-3
<u>Basic Financial Statements</u>	
Statements of Net Position	4
Statements of Revenue, Expenses and Changes in Net Position	5
Statements of Cash Flows	6
Notes to Financial Statements	7-19
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures, and Changes in Funds Available – Budget and Actual – 2025	20
Schedule of Revenues, Expenditures, and Changes in Funds Available – Budget and Actual – 2024	21
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	22



COLORADO CPA COMPANY

Independent Auditor's Report

Board of Directors
Meadowbrook Fairview Metropolitan District
Jefferson County, Colorado

Opinion

We have audited the accompanying financial statements of the business-type activities of Meadowbrook Fairview Metropolitan District (the "District"), as of and for the years ended December 31, 2025 and 2024, 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 business-type activities of Meadowbrook Fairview Metropolitan District as of December 31, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement 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 Supplemental Information

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

Supplemental Information

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

Colorado CPA Company PC

Highlands Ranch, Colorado
August 19, 2026

Meadowbrook Fairview Metropolitan District

Statements of Net Position

December 31, 2025 and 2024

	Assets	
	2025	2024
Current assets:		
Cash and cash equivalents	\$ 705,471	\$ 755,211
Investments - unrestricted	7,206,181	6,416,263
Investments - restricted	269,944	269,054
Accounts receivable	4,692	3,638
Receivable - County Treasurer	991	854
Receivable, sewer - Meadowbrook Water District	41,610	83,360
Property taxes receivable	182,936	179,568
Accrued interest	-	1,110
Prepaid Expenses	5,320	5,082
Total current assets	8,417,145	7,714,141
Capital assets, net of accumulated depreciation	649,526	605,485
Total assets	<u>\$ 9,066,671</u>	<u>\$ 8,319,626</u>
Liabilities, Deferred Inflows of Resources and Net Position		
	2025	2024
Current liabilities:		
Accounts and taxes payable	\$ 25,695	\$ 13,683
Current and total liabilities	25,695	13,683
Deferred inflows of resources:		
Deferred property taxes	182,936	179,568
Total deferred inflows of resources	182,936	179,568
Net position:		
Net investment in capital assets	649,526	605,485
Restricted for:		
Emergencies	19,944	19,054
Capital reserves	250,000	250,000
Unrestricted	7,938,570	7,251,836
Total net position	8,858,040	8,126,375
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,066,671</u>	<u>\$ 8,319,626</u>

Note: the accompanying notes are an integral part of these financial statements.

Meadowbrook Fairview Metropolitan District
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Sewer revenue	\$ 509,752	\$ 529,062
Other operating revenue	<u>1,198</u>	<u>1,262</u>
Total operating revenue	510,950	530,324
Operating expenses:		
Accounting and audit	39,770	38,565
Community center	1,434	1,845
Contract maintenance	87,718	93,000
Depreciation	(35,541)	73,522
Directors' fees and expenses	-	-
Election	-	-
Engineering	35,362	33,788
Insurance	5,082	5,282
Legal	24,453	8,745
Management	58,973	60,825
Miscellaneous	3,747	631
Repair, maintenance and supplies	47,563	52,386
Utilities	<u>6,288</u>	<u>4,994</u>
Total operating expenses	274,849	373,583
Net operating income/(loss)	236,101	156,741
Non-operating revenues/(expenses):		
Property taxes	179,047	168,291
Specific ownership taxes	12,175	10,726
Treasurer's fees	(2,688)	(2,527)
Tap fees	4,000	-
Investment income/(loss)	<u>303,030</u>	<u>319,484</u>
Total non-operating revenues/(expenses)	495,564	495,974
Change in net position	731,665	652,715
Net position, beginning of year	<u>8,126,375</u>	<u>7,473,660</u>
Net position, end of year	<u><u>\$ 8,858,040</u></u>	<u><u>\$ 8,126,375</u></u>

Note: the accompanying notes are an integral part of these financial statements.

Meadowbrook Fairview Metropolitan District
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Receipts from customers	\$ 551,509	\$ 557,405
Payments to suppliers	<u>(298,616)</u>	<u>(303,398)</u>
Net cash from operating activities	252,893	254,007
Cash flows from noncapital financing activities:		
Taxes - property and specific ownership	191,222	179,017
Treasurer's fees	(2,688)	(2,527)
Funds advanced to Meadowbrook Water District	<u>-</u>	<u>300,000</u>
Net cash from noncapital financing activities	188,534	476,490
Cash flows from capital financing activities:		
Investment in capital assets	(8,500)	-
Tap fees received	<u>4,000</u>	<u>-</u>
Net cash from capital financing activities	(4,500)	-
Cash flows from investing activities:		
Interest received	342,088	345,507
Net (purchase) maturity of investments	<u>(828,755)</u>	<u>(1,552,326)</u>
Net cash from investing activities	<u>(486,667)</u>	<u>(1,206,819)</u>
Net increase/(decrease) in cash and cash equivalents	(49,740)	(476,322)
Cash and cash equivalents - beginning of year	<u>755,211</u>	<u>1,231,533</u>
Cash and cash equivalents - end of year	<u><u>\$ 705,471</u></u>	<u><u>\$ 755,211</u></u>
Reconciliation of operating income/(loss) to net cash from operating activities:		
Income/(loss) from operations	\$ 236,101	\$ 156,741
Adjustments to reconcile income/(loss) from operations to net cash from operating activities		
Depreciation expense	(35,541)	73,522
(Increase)/decrease in assets:		
Accounts receivable	40,559	27,081
Prepaid expenses	(238)	200
Increase/(decrease) in liabilities:		
Accounts payable	<u>12,012</u>	<u>(3,537)</u>
Net cash from operating activities	<u><u>\$ 252,893</u></u>	<u><u>\$ 254,007</u></u>

Note: the accompanying notes are an integral part of these financial statements.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 1 – Definition of Reporting Entity

The Meadowbrook Fairview Metropolitan District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized and created in 1969, and is governed pursuant to provisions of the Colorado Special District Act. The purpose of the District is to provide sewer and fire protection services to the residents of the District. The District is governed by an elected Board of Directors.

As required by accounting principles generally accepted in the United States of America (“GAAP”), these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Boards (“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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District has no employees and all operation and administrative functions are provided under contract.

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 accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

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

Basis of Accounting

The District's records are maintained on an “economic resources” measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets. Inclusion fees and tap fees are recorded as contributed capital when received unless the fees result from agreements which are subject to liens on the property and have interest bearing receivables.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing sewer services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Management Estimates

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

Budget and Budgetary Accounting

Budgets are adopted on a non-GAAP basis for governmental funds. In accordance with the State Budget Law of Colorado, 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 assuming it meets the notification and publication requirements. The appropriation can only be modified upon completion of notification and publication requirements.

Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits, certain money market and savings accounts at financial institutions. Repurchase agreements, certificates of deposit, and certain money market and U.S. Treasury Notes, are classified as investments and are not reflected as cash in the statement of cash flows.

Contributed Capital

Tap fees are recorded as non-operating revenue.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The District's financial instruments include cash, cash equivalents, investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments as of December 31, 2025 and 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

Accounts Receivable

Sewer billings are considered past due if not paid within 45 days. The District posts a 48-hour notice of shut off directly at the site and will charge a turn off fee if not paid within the 48 hours. Additional charges may include turn-on fees as necessary. Sewer charges are collected from customers on behalf of the District by Meadowbrook Water District and are then remitted to the District. As of December 31, 2025 and 2024, Meadowbrook Water District held sewer billings of \$41,610 and \$83,359, respectively.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available or are collected.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. streets and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical costs or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair value on the date donated.

Depreciation of all exhaustible property, plant and equipment used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on the proprietary fund balance sheet. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized.

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Category</u>	<u>Depreciable Life</u>
Sewer system	40 years
Building	30 years
Improvements and easements	10 years

Long-Term Obligations

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

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports the following categories of net position:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted Net Position

The restricted balance in the Capital Reserve in the amount of \$250,000 is to be used exclusively for the construction of infrastructure assets and related costs. Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. A portion of Net Position has been reserved in compliance with this requirement.

Property Taxes

Property taxes are levied by the District 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 during October or November by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or at the taxpayers' election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November. The County Treasurer remits the taxes collected monthly to the District.

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

Adoption of New Accounting Standard

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* ("GASBS No. 102"). GASBS No. 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. This District adopted the requirements of the guidance effective for the year ended December 31, 2025. Management performed the analysis required under GASBS No. 102 and did not identify any concentrations or constraints that require disclosure.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 3 – Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments as of December 31, 2025 and 2024, are classified in the accompanying financial statements as follows:

Statement of net position:	2025	2024
Cash and cash equivalents	\$ 705,471	\$ 755,211
Investments - unrestricted	7,206,181	6,416,263
Investments - restricted	269,944	269,054
Total	<u>\$ 8,181,596</u>	<u>\$ 7,440,528</u>

Cash, cash equivalents and investments as of December 31, 2025 and 2024, consist of the following:

	2025	2024
Deposits with financial institutions	\$ 705,471	\$ 755,211
Investments	7,476,125	6,685,317
Total	<u>\$ 8,181,596</u>	<u>\$ 7,440,528</u>

Cash Deposits

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.

As of December 31, 2025 and 2024, respectively, the District’s total cash deposits had a bank balance of \$705,946 and \$748,900; and a carrying balance of \$705,471 and \$755,211, held with one institution insuring up to \$250,000. The District had \$455,946 and \$498,900 collateralized under PDPA as of December 31, 2025 and 2024, respectively.

Custodial Credit Risks – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. None of the District’s bank balance was exposed to custodial credit risk as of December 31, 2025 and 2024.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 3 – Cash, Cash Equivalents and Investments (continued)

Investments

Investment Policies

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

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 or sinking fund requirements. Colorado State statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

Concentration Risk and Custodial Risk – Investments

The District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include money market funds, which record their investments at amortized cost.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 3 – Cash, Cash Equivalents and Investments (continued)

Investments (continued)

Summary of Investments

As of December 31, 2025 and 2024, the District had the following investments:

Investments	Maturity	2025	2024
Colorado Liquid Asset Trust ("COLOTRUST"):			
COLOTRUST PLUS+	Less than one year	\$ 924,778	\$ 5,196,852
COLOTRUST Edge	Less than one year	6,551,347	-
Federal Home Loan Bank Notes	Between two and three years	-	483,091
Wells Fargo Money Market	Less than one year	-	1,005,374
Total investments		<u>\$ 7,476,125</u>	<u>\$ 6,685,317</u>

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST offers shares in three portfolios: COLOTRUST Prime, COLOTRUST PLUS+, and COLOTRUST Edge.

COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. It is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. Purchases and redemptions are available daily at a net asset value of \$1.00. There are no unfunded commitments and there is no redemption notice period. As of December 31, 2025 and 2024, respectively, the District had \$924,778 and \$5,196,853 invested in COLOTRUST Plus+.

COLOTRUST Edge may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. It is rated AAAs/S1 by FitchRatings with a weighted average maturity of 122 days. Purchases and redemptions are available daily at a net asset value of approximately \$10.00. There are no unfunded commitments and the redemption notice period is one business day. As of December 31, 2025 and 2024, respectively, the District had \$6,551,347 and \$0 invested in COLOTRUST Edge.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 3 – Cash, Cash Equivalents and Investments (continued)

Investments (continued)

Federal Home Loan Banks (“FHLB”)

FHLB is a government-sponsored enterprise (“GSE”) that provides stable, low-cost funding to U.S. financial institutions for home mortgage, small business, rural, and economic development lending. FHLB is the largest collective source of home mortgage and community credit in the U.S. There are twelve banks in the FHLB system, and the FHLB provide loans only to other banks. FHLB is rated AAA by Moody’s and AA+ by Standard & Poor’s. The District held investments in FHLB mortgages of \$0 and \$483,091 as of December 31, 2025 and 2024, respectively.

Money Market Fund

Money that was included in the trust accounts at Wells Fargo Bank was invested in the SEI Daily Income Treasury Portfolio. These portfolios are money market funds with each share equal in value to \$1.00. The funds are AAA rated and invest exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less. The District investments of \$0 and \$1,005,374 held in money market funds as of December 31, 2025 and 2024, respectively.

Restricted Cash and Investments

As of December 31, 2025 and 2024, portions of cash and investments were restricted for capital projects and emergency reserves.

Note 4 – Funds Advanced to Meadowbrook Water District

During 2023, the District advanced funds of \$300,000 to the Meadowbrook Water District for the purpose of short-term operational cash flows. The full amount owed was repaid during 2024.

In addition, as of December 31, 2025 and 2024, respectively, Meadowbrook Water District was holding \$41,610 and \$83,359 of sewer billings that were owed to the District.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 5 – Capital Assets

Following is an analysis of the District's changes in capital assets for the year ended December 31, 2025:

Business type activities	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Total capital assets not being depreciated	6,000	-	-	6,000
Capital assets being depreciated:				
Improvements and easements	19,458	-	-	19,458
Building	56,411	-	-	56,411
Furniture, equipment and improvements	307,424	-	-	307,424
Sewer system	2,502,787	8,500	-	2,511,287
Total capital assets being depreciated	2,886,080	8,500	-	2,894,580
Accumulated depreciation	(2,286,595)	35,541	-	(2,251,054)
Capital assets being depreciated, net	\$ 599,485	\$ 44,041	\$ -	\$ 643,526
Business type assets, net	\$ 605,485	\$ 44,041	\$ -	\$ 649,526

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 5 – Capital Assets (continued)

Following is an analysis of the District's changes in capital assets for the year ended December 31, 2024:

Business type activities	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
Capital assets not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in process	67,525	-	(67,525)	-
Total capital assets not being depreciated	73,525	-	(67,525)	6,000
Capital assets being depreciated:				
Improvements and easements	19,458	-	-	19,458
Building	56,411	-	-	56,411
Furniture, equipment and improvements	307,424	-	-	307,424
Sewer system	2,435,262	67,525	-	2,502,787
Total capital assets being depreciated	2,818,555	67,525	-	2,886,080
Accumulated depreciation	(2,213,073)	(73,522)	-	(2,286,595)
Capital assets being depreciated, net	\$ 605,482	\$ (5,997)	\$ -	\$ 599,485
Business type assets, net	\$ 679,007	\$ (5,997)	\$ (67,525)	\$ 605,485

Depreciation expense for the years ended December 31, 2025 and 2024 was -\$35,540 and \$43,684, respectively. During 2025, the District's depreciation expense includes a true-up to accumulated depreciation in the amount of approximately \$55,300.

Note 6 – Risk Management

The District is exposed to various risks of loss related to 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 and 2024. 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 and public officials liability 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.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 7 – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (“TABOR”), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provision of TABOR.

The District, in accordance with C.R.S. 37-45.1-101 et. Seq., has adopted a policy to treat its operations as an enterprise fund. Because of this, the District does not feel it is subject to many of the requirements of the TABOR amendment.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

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.

Meadowbrook Fairview Metropolitan District
Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024

Note 8 – Reconciliation of Revenues and Expenditures – GAAP Basis to Budgetary Basis

The District prepares its budget on an annual basis. The budget is legally enacted through passage of a resolution. The budgetary comparison in this report is on a non-GAAP budgetary basis. The following reconciliation is presented to reconcile to the GAAP basis financial statements for the years ended December 31, 2025 and 2024:

Revenues:	2025	2024
Operating revenues	\$ 510,950	\$ 530,324
Non-operating revenues	495,564	495,974
Total revenues - GAAP basis and budgetary basis	<u>\$ 1,006,514</u>	<u>\$ 1,026,298</u>
Expenditures:		
Operating expenses	<u>\$ 274,849</u>	<u>\$ 373,583</u>
Total expenditures - GAAP basis	274,849	373,583
Add (Less)		
Capital improvements	8,500	-
Depreciation	<u>35,541</u>	<u>(73,522)</u>
Total expenditures - budgetary basis	<u>\$ 318,890</u>	<u>\$ 300,061</u>

Note 9 – Reserved Capital Contribution

During 1992, the Board of Directors of the District reserved \$250,000 for the establishment of a Sewer, Capital Improvement and Rehabilitation Fund. The board action specifies that the funds are to be used for capital improvements and rehabilitation of the District's sewer system.

Supplemental Information

Meadowbrook Fairview Metropolitan District

Schedule of Revenue, Expenditures and Changes in Funds Available – Budget and Actual
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sewer revenue	\$ 509,568	\$ 509,752	\$ 184
Other operating revenue	525	1,198	673
Property taxes	179,568	179,047	(521)
Specific ownership taxes	10,500	12,175	1,675
Tap fees	16,000	4,000	(12,000)
Investment income (loss)	199,100	303,030	103,930
Total revenue	915,261	1,009,202	93,941
Expenditures:			
Accounting and audit	44,400	39,770	4,630
Community center	43,977	1,434	42,543
Contract maintenance	135,499	87,718	47,781
Directors' fees and expenses	-	-	-
Election	-	-	-
Engineering	54,000	35,362	18,638
Insurance	5,766	5,082	684
Legal	27,000	24,453	2,547
Management	63,816	58,973	4,843
Miscellaneous	8,996	3,747	5,249
Repair, maintenance and supplies	82,338	47,563	34,775
Treasurer's fees	2,694	2,688	6
Utilities	6,940	6,288	652
Capital expenditures	189,368	8,500	180,868
Total expenditures	664,794	321,578	343,216
Excess of revenues over (under) expenditures		687,624	
Beginning funds available		7,520,890	
Ending funds available		<u>\$ 8,208,514</u>	
Funds available are defined as follows:			
Current assets		\$ 8,417,145	
Less: current liabilities		(208,631)	
Ending funds available		<u>\$ 8,208,514</u>	

Note: the accompanying notes are an integral part of these financial statements.

Meadowbrook Fairview Metropolitan District

Schedule of Revenue, Expenditures and Changes in Funds Available – Budget and Actual
For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sewer revenue	\$ 494,070	\$ 529,062	\$ 34,992
Other operating revenue	600	1,262	662
Property taxes	166,919	168,291	1,372
Specific ownership taxes	10,500	10,726	226
Tap fees	32,000	-	(32,000)
Investment income (loss)	232,100	319,484	87,384
Total revenue	936,189	1,028,825	92,636
Expenditures:			
Accounting and audit	42,725	38,565	4,160
Community center	29,350	1,845	27,505
Contract maintenance	144,554	93,000	51,554
Directors' fees and expenses	-	-	-
Election	-	-	-
Engineering	52,000	33,788	18,212
Insurance	5,946	5,282	664
Legal	25,200	8,745	16,455
Management	62,686	60,825	1,861
Miscellaneous	9,346	631	8,715
Repair, maintenance and supplies	83,906	52,386	31,520
Treasurer's fees	2,481	2,527	(46)
Utilities	6,924	4,994	1,930
Capital expenditures	170,000	-	170,000
Total expenditures	635,118	302,588	332,530
Excess of revenues over (under) expenditures		726,237	
Beginning funds available		6,794,653	
Ending funds available		<u>\$ 7,520,890</u>	
Funds available are defined as follows:			
Current assets		\$ 7,714,141	
Less: current liabilities		(193,251)	
Ending funds available		<u>\$ 7,520,890</u>	

Note: the accompanying notes are an integral part of these financial statements.

Meadowbrook Fairview Metropolitan District
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected
December 31, 2025

Year Ended,	Year Ended December 31,	Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Collected
December 31, 1994	1994	\$ 13,232,880	15.379	\$ 202,775
December 31, 1995	1995	13,608,350	9.938	135,108
December 31, 1996	1996	15,779,570	9.735	157,610
December 31, 1997	1997	16,912,900	9.938	169,514
December 31, 1998	1998	16,913,600	9.380	191,278
December 31, 1999	1999	21,062,000	9.338	194,720
December 31, 2000	2000	24,122,680	8.985	215,905
December 31, 2001	2001	25,313,930	9.312	235,841
December 31, 2002	2002	31,805,940	8.078	255,919
December 31, 2003	2003	32,884,360	8.704	285,625
December 31, 2004	2004	34,292,930	8.933	301,720
December 31, 2005	2005	34,910,920	9.381*	318,776
December 31, 2006	2006	35,336,420	9.381*	330,381
December 31, 2007	2007	35,016,420	14.909**	522,059
December 31, 2008	2008	38,868,820	14.693**	571,100
December 31, 2009	2009	39,952,560	14.693**	586,791
December 31, 2010	2010	39,121,520	14.693**	574,073
December 31, 2011	2011	39,723,340	14.693**	582,608
December 31, 2012	2012	37,021,200	14.686**	543,693
December 31, 2013	2013	37,222,947	14.686**	545,646
December 31, 2014	2014	37,222,947	14.686**	536,948
December 31, 2015	2015	36,576,682	14.686**	539,391
December 31, 2016	2016	44,742,320	14.300**	640,971
December 31, 2017	2017	44,906,015	14.300**	639,310
December 31, 2018	2018	48,144,491	14.300**	384,509
December 31, 2019	2019	48,110,762	8.489**	408,362
December 31, 2020	2020	55,027,079	2.520	138,590
December 31, 2021	2021	55,196,068	2.520	125,708
December 31, 2022	2022	61,041,776	2.520	144,241
December 31, 2023	2023	62,215,636	2.437	151,595
December 31, 2024	2024	72,954,290	2.288	166,920
December 31, 2025	2025	73,472,795	2.444	179,568
Anticipated for the year ending:				
	December 31, 2026	79,675,963	2.296	182,936

Legend:

*2005-2006 - includes 6.238 mills for fire protection services

**2007-2018 - includes 11.780 mills for fire protection services

Note: the accompanying notes are an integral part of these financial statements.