

MERIDIAN RANCH METROPOLITAN DISTRICT
2018 SUBDISTRICT
(A Component Unit of Meridian Ranch Metropolitan District)
El Paso County, Colorado

FINANCIAL STATEMENTS
December 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Meridian Ranch Metropolitan District 2018 Subdistrict

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Meridian Ranch Metropolitan District 2018 Subdistrict (the "Subdistrict"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Subdistrict's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meridian Ranch Metropolitan District 2018 Subdistrict and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Meridian Ranch Metropolitan District 2018 Subdistrict'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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Subdistrict'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 Subdistrict'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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Meridian Ranch Metropolitan District 2018 Subdistrict's basic financial statements as a whole. The supplemental 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. 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 supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprises the Schedule of Debt Service Requirements to Maturity and the Summary of Assessed Valuation, Mill Levy and Property Taxes Collected. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of 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 the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink, appearing to read "Haynie", with a stylized, cursive script.

Littleton, Colorado

July 24, 2026

BASIC FINANCIAL STATEMENTS

MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
(A Component Unit of Meridian Ranch Metropolitan District)
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION (DEFICIT)
December 31, 2025

	<u>General</u>	<u>Debt Service and Improvements Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments (Note 11)</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments - unrestricted	\$ 258,748	\$ -	\$ 258,748	\$ -	\$ 258,748
Cash and investments - restricted	-	4,038,399	4,038,399	-	4,038,399
Receivable from county treasurer	-	6,270	6,270	-	6,270
Property taxes receivable	-	938,056	938,056	-	938,056
Due from other funds	15,456	-	15,456	-	15,456
Total assets	<u>\$ 274,204</u>	<u>\$ 4,982,725</u>	<u>\$ 5,256,929</u>	<u>\$ -</u>	<u>\$ 5,256,929</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 3,500	\$ 3,500	\$ -	\$ 3,500
Interest payable	-	-	-	115,539	115,539
Due to primary government	10,870	-	10,870	-	10,870
Due to other funds	-	15,456	15,456	-	15,456
Due to Meridian Service MD	-	497,803	497,803	-	497,803
Bonds payable					
Due in more than one year	-	-	-	20,875,000	20,875,000
Total liabilities	<u>10,870</u>	<u>516,759</u>	<u>527,629</u>	<u>20,990,539</u>	<u>21,518,168</u>
DEFERRED INFLOW OF RESOURCES					
Deferred property tax revenue	-	938,056	938,056	-	938,056
Total deferred inflows of resources	<u>-</u>	<u>938,056</u>	<u>938,056</u>	<u>-</u>	<u>938,056</u>
FUND BALANCES					
Restricted for:					
Emergency reserves	1,000	-	1,000	(1,000)	-
Debt service and improvements	-	3,527,910	3,527,910	(3,527,910)	-
Unrestricted	262,334	-	262,334	(262,334)	-
Total fund balances	<u>263,334</u>	<u>3,527,910</u>	<u>3,791,244</u>	<u>(3,791,244)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	<u>\$ 274,204</u>	<u>\$ 4,982,725</u>	<u>\$ 5,256,929</u>		
NET POSITION (DEFICIT)					
Restricted for:					
Emergencies				1,000	1,000
Unrestricted				(17,200,295)	(17,200,295)
Total net position (deficit)				<u>\$ (17,199,295)</u>	<u>\$ (17,199,295)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
(A Component Unit of Meridian Ranch Metropolitan District)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	General	Debt Service and Improvements Fund	Total Governmental Funds	Adjustments (Note 11)	Statement of Activities
EXPENDITURES/EXPENSES					
<u>General</u>					
District management and accounting	\$ 14,516	\$ -	\$ 14,516	\$ -	\$ 14,516
Audit	17,277	-	17,277	-	17,277
County treasurer fees	-	12,319	12,319	-	12,319
Election	123	-	123	-	123
<u>Debt service and improvements</u>					
Bond interest - Series 2022	-	1,386,462	1,386,462	-	1,386,462
Paying agent and cash management fees	-	32,177	32,177	-	32,177
Transfer to Meridian Service MD	-	12,102,086	12,102,086	-	12,102,086
Total expenditures/expenses	<u>31,916</u>	<u>13,533,044</u>	<u>13,564,960</u>	<u>-</u>	<u>13,564,960</u>
REVENUES					
<u>General revenues</u>					
Property taxes	-	820,937	820,937	-	820,937
Specific ownership taxes	-	78,685	78,685	-	78,685
Interest	20,745	547,398	568,143	-	568,143
Total revenues	<u>20,745</u>	<u>1,447,020</u>	<u>1,467,765</u>	<u>-</u>	<u>1,467,765</u>
EXCESS OF EXPENDITURES/EXPENSES OVER REVENUES	<u>(11,171)</u>	<u>(12,086,024)</u>	<u>(12,097,195)</u>	<u>-</u>	<u>(12,097,195)</u>
OTHER FINANCING SOURCES					
Transfer from Meridian Service MD	30,600	-	30,600	-	30,600
Total other financing sources	<u>30,600</u>	<u>-</u>	<u>30,600</u>	<u>-</u>	<u>30,600</u>
NET CHANGE IN FUND BALANCES / NET POSITION (DEFICIT)	19,429	(12,086,024)	(12,066,595)	-	(12,066,595)
FUND BALANCE / NET POSITION (DEFICIT)					
BEGINNING OF YEAR	243,905	15,613,934	15,857,839	(20,990,539)	(5,132,700)
END OF YEAR	<u>\$ 263,334</u>	<u>\$ 3,527,910</u>	<u>\$ 3,791,244</u>	<u>\$ (20,990,539)</u>	<u>\$ (17,199,295)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
(A Component Unit of Meridian Ranch Metropolitan District)
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2025

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Interest	\$ 6,000	\$ 20,745	\$ 14,745
Total revenues	<u>6,000</u>	<u>20,745</u>	<u>14,745</u>
EXPENDITURES			
District management and accounting	20,000	14,516	5,484
Audit	16,000	17,277	(1,277)
Election	3,000	123	2,877
Insurance	2,500	-	2,500
Legal	1,500	-	1,500
Miscellaneous	500	-	500
Emergency reserve	1,400	-	1,400
Total expenditures	<u>44,900</u>	<u>31,916</u>	<u>12,984</u>
EXCESS OF EXPENDITURES OVER			
REVENUES	<u>(38,900)</u>	<u>(11,171)</u>	<u>(27,729)</u>
OTHER FINANCING SOURCES			
Transfer from Meridian Service MD	30,000	30,600	(600)
Total other financing sources	<u>30,000</u>	<u>30,600</u>	<u>(600)</u>
NET CHANGE IN FUND BALANCE	(8,900)	19,429	28,329
FUND BALANCE - BEGINNING OF YEAR	<u>243,129</u>	<u>243,905</u>	<u>776</u>
FUND BALANCE - END OF YEAR	<u>\$ 234,229</u>	<u>\$ 263,334</u>	<u>\$ 29,105</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 1 – DEFINITION OF REPORTING ENTITY

On July 11, 2018, the Meridian Ranch Metropolitan District 2018 Subdistrict (Subdistrict) was established pursuant to the applicable provisions under the Colorado Revised Statutes of the Colorado General Assembly. The Subdistrict was created in order to: 1) allow the Subdistrict to incur debt and impose taxes, 2) provide the resources required for the significant additional improvements necessary to fully develop approximately 855 acres of property included in the Subdistrict and 3) to provide the necessary services specific to and benefitting such property. The Subdistrict is a quasi-municipal corporation and political subdivision of the State duly organized and existing as a special district under the constitution and laws of the State of Colorado.

The Subdistrict 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 Subdistrict is considered to be a component unit of Meridian Ranch Metropolitan District (Meridian Ranch) and is included as a discretely presented component unit in the basic financial statements of Meridian Ranch. Pursuant to the Special District Act, the Subdistrict is subject to Meridian Ranch's service plan and debt limitations. In addition, an intergovernmental agreement between the District and the Subdistrict provides for, among other things, limitations related to the mill levy and the issuance of additional indebtedness for the District and Subdistrict. Only the accounts of the Subdistrict are included herein; these financial statements do not purport to represent the position or results of operations of Meridian Ranch.

The Subdistrict has no employees and all Operation and administrative functions are contracted.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the Subdistrict 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 Subdistrict. For the most part, the effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business type activities, which rely to a significant extent on fees and charges for support.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position reports all financial and capital resources of the Subdistrict. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the Subdistrict 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for property and equipment are shown as increases in assets and redemptions of bonds, notes and developer advances are recorded as reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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 Subdistrict considers revenues to be available if they are collected within 60 days of the end of the current period. The major sources of revenue subject to accrual are property taxes and specific ownership taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid. All other revenue items are considered to be measurable and available only when cash is received by the Subdistrict.

The Subdistrict reports the following major governmental funds:

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

The Debt Service and Improvements Fund is used to account for all financial resources that are restricted, committed or assigned for debt repayment and capital projects.

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

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the Local Government Budget Law of Colorado, the Subdistrict's board of directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The Subdistrict'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. For the year ended December 31, 2025, supplementary appropriations approved by the Subdistrict's board of directors modified the appropriations in its General Fund.

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the Subdistrict 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 assess the property tax obligation of 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 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 or December. The county treasurer remits the taxes collected monthly to the Subdistrict.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to 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 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 revenue related continues to be recognized when earned in the government-wide statements. The Subdistrict 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.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

The Subdistrict's governmental fund balances may consist of five classifications based on the relative strength of spending constraints:

Nonspendable fund balance – the portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaids) or is legally or contractually required to be maintained intact.

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

Committed fund balance – the portion of fund balance constrained for specific purposes according to limitations imposed by the Subdistrict's highest level of decision making authority, the board of directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the board of directors.

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Subdistrict considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Subdistrict considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Subdistrict board of directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments – unrestricted	\$ 258,748
Cash and investments – restricted	4,038,399
	<u>\$ 4,297,147</u>

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

Deposits with financial institutions	\$ 4,038,399
Investments	258,748
	<u>\$ 4,297,147</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. The Subdistrict does not have formal policies for deposits. None of the Subdistrict's deposits were exposed to custodial credit risk.

Investments

The Subdistrict has not adopted a formal investment policy; however, it follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts and local government investment pools. None of the Subdistrict's investments are subject to custodial or concentration of credit risk.

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.

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Local Government	Weighted average under 60	
Liquid Asset Trust	days	\$ 258,748

COLOTRUST

During 2025, the Subdistrict invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colotrust. The Subdistrict invested in COLOTRUST PLUS+ (PLUS+), one of the three portfolios offered by Colotrust.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

PLUS+ operates similarly to a money market fund and each share is equal in value to \$1.00. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption notice period. PLUS+ may invest in U.S. Treasury securities, federal instrumentality and agency securities, repurchase agreements and tri-party repurchase agreements, collateralized bank deposits, government money market funds, corporate bonds and highest rated commercial paper. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. PLUS+ is rated AAAm by S&P Global Ratings with a weighted average maturity of under 60 days.

Cash and investments of \$4,038,399 are restricted in the Debt Service and Improvements Fund for servicing the Subdistrict's bonds (Note 4) and includes \$3,496,203 for debt repayment and \$542,196 for capital improvements..

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Subdistrict's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is estimated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The Subdistrict held investments in Colotrust at year end for which the investment evaluation was determined as follows.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with FASB guidance. It is the goal of COLOTRUST PLUS+ to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share. COLOTRUST PLUS+ is rated AAAm by S&P Global Ratings.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 4 – LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2024	Additions	Retirements	Balance at December 31, 2025	Due Within One Year
<i>Bonded debt</i>					
General obligation limited tax bonds, Series 2022	\$ 20,875,000	\$ -	\$ -	\$ 20,875,000	\$ -
	<u>\$ 20,875,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,875,000</u>	<u>\$ -</u>

The details of the Subdistrict's long-term obligation is as follows:

\$20,875,000 General Obligation Limited Tax Bonds, Series 2022

On December 21, 2022, the Subdistrict issued General Obligation Limited Tax Bonds (Series 2022 Bonds) in the principal amount of \$20,875,000. The Series 2022 Bonds were issued for the purpose of providing funds to (1) reimburse or pay for the costs of acquiring, constructing and installing public improvements related to development in the Subdistrict and (2) pay issuance and other costs in connection with the Series 2022 Bonds. Principal on the Series 2022 Bonds is due in varying amounts on December 1 from 2029 through 2052. The Series 2022 Bonds mature as follows: bonds totaling \$2,865,000 mature on December 1, 2037 (interest rate – 6.25%), bonds totaling \$3,310,000 mature on December 1, 2042 (interest rate – 6.50%) and the remaining bonds of \$14,700,000 mature on December 1, 2052 (interest rate of 6.75%). Interest on the Series 2022 Bonds is payable on June 1 and December 1.

The Series 2022 Bonds are subject to redemption prior to maturity beginning December 1, 2027, at the option of the Subdistrict, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities upon payment of par, accrued interest and a redemption premium equal to a percentage of the principal amount so redeemed, as follows: 3.0% prior to December 1, 2028, 2.0% prior to December 1, 2029 and 1.0% prior to December 1, 2030.

The Series 2022 Bonds are secured by and payable from pledged revenues consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy (as defined below), (2) the portion of the specific ownership taxes which is collected as a result of the imposition of the Required Mill Levy and (3) any other legally available monies which the Subdistrict determines to be treated as pledged revenue.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

The Required Mill Levy is defined as the mill levy necessary to produce the amounts due, when combined with other pledged revenues, including any monies in the revenue fund not required to be applied to the payment of the Series 2022 Loan in the current year and reduced by the operations mill levy, to fund the bond fund for the relevant bond year and pay the Series 2022 Bonds as they become due. The operations mill levy for each year is the number of mills necessary to produce the dollar amount of the operations deduction. The operations deduction as determined by the Subdistrict for the levy year 2022 (for collection in 2024) was \$30,000 and is to be increased by 2% each levy year thereafter. The Subdistrict's current maximum mill levy is not to exceed 20 mills, subject to adjustments related to future changes in the method of calculating the Subdistrict's assessed valuation. The Subdistrict's mill levy cannot be less than 20 mills until such time as surplus funds are less than the required amounts. The required maximum surplus amount is \$4,175,000 prior to the surplus fund conversion date and \$2,087,500 thereafter. Any excess pledged revenues are to be applied to the surplus fund until it reaches the required maximum surplus amount. The surplus fund conversion date is the first date on which the debt to assessed ratio is 25% or less and no amounts of principal or interest on the Series 2022 Bonds are due but unpaid. As of December 31, 2025 the surplus account balance was \$3,494,674.

Significant events of default by the Subdistrict under the Series 2022 Bonds include (i) failure to impose or collect the Required Mill Levy or apply other available pledged revenues, (ii) defaults in the performance or observance of any of the covenants, agreements or conditions in the indenture or the bond resolution and (iii) legal proceedings are filed under federal bankruptcy laws seeking to adjust the obligation represented by the Series 2022 bonds.

Upon the occurrence and continuance of an event of default, the trustee of the Series 2022 Bonds may seek receivership, file a suit for judgment or initiate other actions or special proceedings to enforce the rights of the trustee and the bondholders as outlined in the bond resolution and agreement. Due to the limited nature of the pledged revenues, failure to pay the principal or interest on the Series 2022 Bonds when due is not in itself an event of default as stated in the bond resolution. In addition, acceleration of the Series 2022 Bonds shall not be an available remedy for an event of default.

The Subdistrict's long-term obligation will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2026	\$ -	\$ 1,386,463	\$ 1,386,463
2027	-	1,386,463	1,386,463
2028	-	1,386,462	1,386,462
2029	40,000	1,386,462	1,426,462
2030	190,000	1,383,963	1,573,963
2031-2035	1,680,000	6,672,936	8,352,936
2036-2040	2,765,000	6,016,812	8,781,812
2041-2045	4,275,000	4,933,588	9,208,588
2046-2050	6,460,000	3,221,775	9,681,775
2051-2052	5,465,000	628,763	6,093,763
	<u>\$ 20,875,000</u>	<u>\$ 28,403,687</u>	<u>\$ 49,278,687</u>

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 6, 2018, a majority of the qualified electors of the Subdistrict authorized the issuance of indebtedness in an amount not to exceed \$189,000,000 at an interest rate not to exceed 12.00% per annum. As of December 31, 2025, the Subdistrict had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Total Authorized	Remaining at December 31, 2025
Street improvements	\$ 20,000,000	\$ 20,000,000
Water	20,000,000	15,825,000
Sanitation	20,000,000	20,000,000
Safety protection	1,000,000	1,000,000
Park and recreation	20,000,000	3,300,000
Mosquito control	1,000,000	1,000,000
Television relay and translation	1,000,000	1,000,000
Transportation	1,000,000	1,000,000
Operations	5,000,000	5,000,000
Refunding	100,000,000	100,000,000
	<u>\$ 189,000,000</u>	<u>\$ 168,125,000</u>

As a component unit of Meridian Ranch, the Subdistrict is subject to the debt limitations and maximum debt service mill levy as set forth in the service plan of Meridian Ranch (see Note 7 below).

NOTE 5 – FUND EQUITY

As of December 31, 2025, the Subdistrict reported the following classifications of fund equity.

Restricted fund balances – the amount of \$1,000 in the General Fund is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10). The amount of \$3,527,910 in the Debt Service and Improvements Fund is to be used exclusively for debt repayment and future infrastructure projects (see Note 4).

Unrestricted fund balance – the unrestricted fund balance in the General Fund is \$262,334.

NOTE 6 – NET POSITION

The Subdistrict's net position consists of two components - restricted and unrestricted.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 6 – NET POSITION (CONTINUED)

Restricted net position includes net position that is 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 Subdistrict had restricted net position as of December 31, 2025 as follows:

Restricted net position:

TABOR emergency reserves (see Note 10)	\$ 1,000
Total restricted net position	<u>\$ 1,000</u>

The Subdistrict's unrestricted net deficit as of December 31, 2025, totaled \$17,200,295. This deficit amount is primarily due to the Subdistrict being responsible to reimburse Meridian Service for the costs of acquiring, constructing and installing public improvements for the benefit of the Subdistrict that are to be owned, operated and maintained by Meridian Service.

NOTE 7 – INTERGOVERNMENTAL AGREEMENTS

2019 Intergovernmental Agreement Between Meridian Service Metropolitan District, Meridian Ranch Metropolitan District and Meridian Ranch Metropolitan District 2018 Subdistrict Regarding Subdistrict Infrastructure and Administrative Services

Meridian Service Metropolitan District (Meridian Service), Meridian Ranch and the Subdistrict entered into an intergovernmental agreement dated May 8, 2019 (2019 IGA) to provide Meridian Service with the responsibility for the construction, operation and maintenance of public improvements within the Subdistrict. The Subdistrict issued bonds in 2022 to obtain the financing for such improvements as required under the 2019 IGA. (see Note 4). Upon completion of construction, Meridian Service will be solely responsible for the operation, maintenance, insurance and repair of the improvements. As of December 31, 2025, the Subdistrict owed Meridian Service \$497,803 related to costs incurred by Meridian Service for Subdistrict capital improvements. As an additional consideration for the financing to be provided by the Subdistrict for the improvements, Meridian Service will provide administrative services as provided for in the 2019 IGA at no cost to the Subdistrict.

Intergovernmental Agreement Regarding Maximum Debt Service Mill Levy and Additional Debt Obligations

The Subdistrict and Meridian Ranch entered into an intergovernmental agreement dated December 14, 2022 (2022 IGA) in order to 1) limit the number of mills that Meridian Ranch and the Subdistrict may impose for the payment of general obligation indebtedness, 2) facilitate the 2022 issuance of debt obligations by the Subdistrict and Meridian Ranch and any additional general obligations of either such party in the future (payable from the debt service mill levy) and 3) limit the issuance of additional indebtedness by Meridian Ranch and the Subdistrict.

In accordance with the service plan, the ad valorem property taxes imposed by Meridian Ranch and the Subdistrict for the payment of debt obligations may not exceed, in the aggregate, the maximum mill levy

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 7 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

cap as defined in the service plan. As a result, the number of mills available to be pledged by the Subdistrict and Meridian Ranch for payment of the Subdistrict Series 2022 Bonds and the Meridian Ranch 2022 debt obligations is limited to 70.07 mills, subject to adjustment as described in the service plan.

The 2022 IGA provides that the Subdistrict may issue Series 2022 Bonds and Meridian Ranch may issue a Series 2022 Note and neither district may issue any refunding obligations thereof without the prior written consent of the other district. Each of the districts covenant that for so long as the 2022 debt obligations or any refunding obligations of either district is outstanding, it will not issue or incur any additional debt obligations without the consent of the other district, provided, however, that the districts may issue additional debt obligations without the prior written consent of the other district so long as the maximum debt service mill levy pledged for the repayment of such additional debt obligations is equal to or less than 20 mills for the Subdistrict and less than 48 mills for Meridian Ranch (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, as of collection year 2025, at which time the residential assessment rate was 6.95%), provided however, that if, on or after collection year 2025, there are further changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement, the maximum mill levy provided will be increased or decreased to reflect such changes, such increases or decreases are to be determined by the Meridian Ranch board of directors in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

The effective date of the 2022 IGA commenced on the date of the issuance of the Series 2022 Bonds (December 21, 2022) and ends on the date upon which all debt obligations issued by the Subdistrict have been defeased or paid in full.

The occurrence or existence of any one or more of the following events shall be an event of default under the 2022 IGA and includes 1) untrue or incomplete representations made by either party that would have a material adverse effect upon the other party, 2) failure in the performance of any other of the covenants in the 2022 IGA that continues for sixty days after written notice and 3) commencement of any case, proceeding or other actions as outlined in the 2022 IGA.

Upon the occurrence and continuance of an event of default, any party may proceed to protect and enforce its rights against the party causing the event of default through suit, action or other proceedings in equity or at law as outlined in the 2022 IGA.

NOTE 8 – RELATED PARTIES

Some of the members of the board of directors are affiliated with or are employees of developers of land within the Subdistrict. These members may have conflicts of interest with respect to certain transactions which come before the board.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 9 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the Subdistrict may be 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 Subdistrict is a named member of the Colorado Special Districts Property and Liability Pool (Pool) as a subdistrict of Meridian Ranch. 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.

Meridian Ranch pays annual premiums to the Pool for liability, property, public officials liability and workers compensation coverage on behalf of the Subdistrict. 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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 10 – TAX, SPENDING AND DEBT LIMITATION

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

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.

On November 6, 2018, a majority of the Subdistrict's electors authorized the Subdistrict to collect and spend or retain in a reserve any and all revenues annually from any revenue sources other than ad valorem taxes of the Subdistrict with regard to any limitations under TABOR.

The Subdistrict'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 and qualifications as an Enterprise will require judicial interpretation.

MERIDIAN RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 11 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the Government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Bond payable	\$ 20,875,000
Bond interest payable	\$ 115,539

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest is reflected on the accrual basis on the Statement of Net Position.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 24, 2026, and no material events were identified requiring disclosure

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
(A Component Unit of Meridian Ranch Metropolitan District)
DEBT SERVICE AND IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2025

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Property taxes	\$ 820,911	\$ 820,937	\$ 26
Specific ownership taxes	63,385	78,685	15,300
Interest	239,000	547,398	308,398
Total revenues	<u>1,123,296</u>	<u>1,447,020</u>	<u>323,724</u>
EXPENDITURES			
County treasurer fees	12,314	12,319	(5)
Bond 2022 - Interest	1,386,462	1,386,462	-
Paying agent and cash management fees	50,000	32,177	17,823
Miscellaneous	25,000	-	25,000
Transfer to Meridian Service MD	12,792,000	12,102,086	689,914
Total expenditures	<u>14,265,776</u>	<u>13,533,044</u>	<u>732,732</u>
NET CHANGE IN FUND BALANCE	(13,142,480)	(12,086,024)	1,056,456
FUND BALANCE - BEGINNING OF YEAR	<u>16,279,877</u>	<u>15,613,934</u>	<u>(665,943)</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,137,397</u>	<u>\$ 3,527,910</u>	<u>\$ 390,513</u>

OTHER SUPPLEMENTARY INFORMATION

MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
(A Component Unit of Meridian Ranch Metropolitan District)
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2025
\$20,875,000 Series 2022
General Obligation Limited Tax Bonds
Dated December 21, 2022
Interest Rates 6.25% - 6.75%
Interest Due June 1 and December 1
Principal Due December 1

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	-	1,386,463	1,386,463
2027	-	1,386,462	1,386,462
2028	-	1,386,463	1,386,463
2029	40,000	1,386,462	1,426,462
2030	190,000	1,383,963	1,573,963
2031	260,000	1,372,087	1,632,087
2032	310,000	1,355,837	1,665,837
2033	325,000	1,336,462	1,661,462
2034	380,000	1,316,150	1,696,150
2035	405,000	1,292,400	1,697,400
2036	465,000	1,267,087	1,732,087
2037	490,000	1,238,025	1,728,025
2038	555,000	1,207,400	1,762,400
2039	590,000	1,171,325	1,761,325
2040	665,000	1,132,975	1,797,975
2041	710,000	1,089,750	1,799,750
2042	790,000	1,043,600	1,833,600
2043	840,000	992,250	1,832,250
2044	935,000	935,550	1,870,550
2045	1,000,000	872,438	1,872,438
2046	1,100,000	804,938	1,904,938
2047	1,175,000	730,688	1,905,688
2048	1,295,000	651,375	1,946,375
2049	1,380,000	563,962	1,943,962
2050	1,510,000	470,812	1,980,812
2051	1,615,000	368,888	1,983,888
2052	3,850,000	259,875	4,109,875
	<u>\$ 20,875,000</u>	<u>\$ 28,403,687</u>	<u>\$ 49,278,687</u>

MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
(A Component Unit of Meridian Ranch Metropolitan District)
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property	Mills Levied for		Total Property Taxes		Percentage Collected to Levied
	Tax Levy	General	Debt Service	Levied	Collected	
2019	\$ 605,750	10.000	0.000	\$ 6,058	\$ 6,058	100.00%
2020	\$ 2,535,620	10.000	0.000	\$ 25,356	\$ 25,360	100.02%
2021	\$ 5,714,660	10.000	0.000	\$ 57,147	\$ 57,022	99.78%
2022	\$ 14,594,460	10.000	0.000	\$ 145,944	\$ 145,944	100.00%
2023	\$ 21,102,010	0.000	20.000	\$ 422,040	\$ 422,041	100.00%
2024	\$ 35,268,070	0.000	20.000	\$ 705,361	\$ 705,491	100.02%
2025	\$ 41,045,530	0.000	20.000	\$ 820,911	\$ 820,937	100.00%

Estimated for
the year ending
December 31,

2026	\$ 46,902,790	0.000	20.000	\$ 938,056
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NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.