North Range Metro District No 1

SERVING THE REUNION COMMUNITY

COMMERCE CITY, COLORADO



ANNUAL FINANCIAL STATEMENTS

December 31, 2025

Table of Contents

STATEMENT OF NET POSITION 1

STATEMENT OF ACTIVITIES 2

BALANCE SHEET – GOVERNMENTAL FUNDS 3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES 4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES 5

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL 6

GENERAL FUND – EXPENDITURE DETAILS – BUDGET AND ACTUAL 7

SPECIAL REVENUE FUND SUBDISTRICT NO 1 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL 8

SPECIAL REVENUE FUND SUBDISTRICT NO 2 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL 9

NOTES TO FINANCIAL STATEMENTS 10

SUPPLEMENTARY INFORMATION

DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL 32

DEBT MANAGEMENT & COMPLIANCE EXPENDITURE DETAILS - BUDGET AND ACTUAL 33

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY 34

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED 35

OTHER SUPPLEMENTARY INFORMATION

CHANGE IN TOTAL OVERLAPPING MILL LEVY 37

HISTORICAL DEBT RATIOS 38

FLYNN CPA, LLC
Bill@flynn-cpa.com
(303) 970-9698

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

North Range Metropolitan District No. 1

Adams County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of North Range Metropolitan District No. 1 (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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



Castle Pines, Colorado
September 28, 2026

NORTH RANGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ -
Cash and investments – restricted	913,765
Accounts receivable – specific ownership taxes	29,268
Property taxes receivable	8,053,100
Prepaid expenses	5,195
Total Assets	**9,001,328**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refinancing	167,571
LIABILITIES	
Accounts payable and accrued liabilities	94,546
Accrued interest payable	77,446
Bond premium	145,446
Current portion of bonds	1,320,000
General obligation refunding bonds	25,380,000
Total Liabilities	**27,017,438**
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	8,053,100
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	71,800
Debt service	483,389
Subdistrict/special revenue funds	189,081
Non-spendable	5,195
Unassigned:	(26,462,023)
Net Position (Deficit)	**$ (25,901,639)**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
For the 12 -Month Period Ended
December 31, 2025

Functions/Programs	Expenses	Program Revenue: Charges For Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government:					
Government Activities:					
General government activities	$ (2,247,097)	$ 84,578	$ -	$ -	$ (2,162,519)
Intergovernmental	(3,909,258)	-	-	-	(3,909,258)
Interest and related costs on long-term debt	(1,073,910)	-	-	-	(1,073,910)
	$ (7,230,265)	**$ 84,578**	**$ -**	**$ -**	**(7,145,687)**
	General Revenues				
	Property taxes				8,032,908
	Specific ownership taxes				401,818
	Net investment income				66,209
	Total general revenue				**8,500,935**
	Change in net position				1,355,248
	Net Position (Deficit) – Beginning of Year				**(27,256,887)**
	Net Position (Deficit) – End of Year				**$ (25,901,639)**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Special Revenue Fund Subdistrict No 1	Special Revenue Fund Subdistrict No 2	Debt Service Fund	Total Government Funds
ASSETS					
Cash and investments	$ -	$ -	$ -	$ -	$ -
Cash and investments - Restricted	263,050	141,701	47,380	461,634	913,765
Accounts receivable – spec ownership taxes	7,513	-	-	21,755	29,268
Property taxes receivable	2,200,800	-	-	5,852,300	8,053,100
Prepaid expenses	5,195	-	-	-	5,195
TOTAL ASSETS	**2,476,558**	**141,701**	**47,380**	**6,335,689**	**9,001,328**
LIABILITIES					
Accounts payable and accrued liabilities	94,546	-	-	-	94,546
DEFERRED INFLOWS OF RESOURCES					
Property tax revenue	2,200,800	-	-	5,852,300	8,053,100
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**2,295,346**	**-**	**-**	**5,852,300**	**8,147,646**
FUND BALANCES					
Restricted:					
Emergencies (TABOR)	71,800			-	71,800
Debt service	-			483,389	483,389
Subdistrict/Special Funds	-	141,701	47,380		189,081
Non-spendable	5,195	-	-	-	5,195
Unrestricted	104,217	-	-	-	104,217
Total Fund Balances	**181,212**	**141,701**	**47,380**	**483,389**	**853,682**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 2,476,558**	**$ 141,701**	**$ 47,380**	**$ 6,335,689**	
Amounts reported for governmental activities in the statement of net position are different because:					
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:					
Deferred loss from refiancing 2016 bonds					167,571
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:					
Bonds payable					(26,700,000)
Accrued interest payable					(77,446)
Bonds premium					(145,446)
Net position of governmental activities					**$ (25,901,639)**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2025

	General Fund	Special Revenue Fund Subdistrict No 1	Special Revenue Fund Subdistrict No 2	Debt Service Fund	Total Government Funds
REVENUES					
Property taxes	$ 2,061,984	$ -	$ -	$ 5,970,924	$ 8,032,908
Specific ownership taxes	103,144	-	-	298,674	401,818
System development fees	-	-	-	-	-
Covenant enforcement fines and fees	40,063	-	-	-	40,063
Collection cost reimbursements	44,515	-	-	-	44,515
Net investment income	20,993	5,933	1,984	37,299	66,209
Other Income	-				-
Total Revenues	**2,270,699**	**5,933**	**1,984**	**6,306,897**	**8,585,513**
EXPENDITURES					
General and administration	167,554	-	-	-	167,554
Covenant enforcement services	192,706	-	-	-	192,706
Litigation services	18,005	-	-	-	18,005
Park & open space operations and maintenance cost subsidies paid to Reunion Metropolitan District	1,868,832	-	-	-	1,868,832
Debt service					
Debt management & compliance	-	-	-	95,640	95,640
Interest payments on bonds	-	-	-	970,690	970,690
Principal payments on bonds	-	-	-	1,280,000	1,280,000
Total Expenditures	**2,247,097**	**-**	**-**	**2,346,330**	**4,593,427**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**23,602**	**5,933**	**1,984**	**3,960,567**	**3,992,086**
OTHER FINANCING SOURCES (USES)					
Interfund transfers	-	-	-	-	-
MLEPA Transfers to Reunion Metro District		-	-	(3,909,258)	(3,909,258)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES	**23,602**	**5,933**	**1,984**	**51,309**	**82,828**
FIND BALANCES – BEGINNING	**157,610**	**135,768**	**45,396**	**432,080**	**770,854**
FUND BALANCES – END OF YEAR	**$ 181,212**	**$ 141,701**	**$ 47,380**	**$ 483,389**	**$ 853,682**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – Total government funds	$	82,828
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payment on bonds		1,280,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued bond interest payable		16,260
Amortization of deferred loss on 2016 bond refinancing		(33,135)
Decrease in bond premium		9,295
Changes in net position of governmental activities	**$**	**1,355,248**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 2,063,600	$ 2,061,984	$ (1,616)
Specific ownership taxes	103,200	103,144	(56)
HOA assessments	126,200	-	(126,200)
Covenant enforcement fines and fees	30,000	40,063	10,063
Collection cost reimbursements	54,000	44,515	(9,485)
Net investment income	2,000	20,993	18,993
Other Income	-	-	-
Total Revenues	**2,379,000**	**2,270,699**	**(108,301)**
EXPENDITURES			
General and administration	253,300	167,554	85,746
Covenant enforcement services	202,000	192,706	9,294
Litigation services	130,000	18,005	111,995
Park & open space operations and maintenance cost subsidies paid to Reunion Metropolitan District	1,806,100	1,868,832	(62,732)
Total Expenditures	**2,391,400**	**2,247,097**	**144,303**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(12,400)**	**23,602**	**36,002**
OTHER FINANCING SOURCES (USES)			
Transfers to Debt Fund	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER)	**(12,400)**	**23,602**	**36,002**
FUND BALANCE – BEGINNING OF YEAR	**84,200**	**157,610**	**73,410**
FUND BALANCE – END OF YEAR	**$ 71,800**	**$ 181,212**	**$ 109,412**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	$ 71,000	$ 71,000	$ -
Receiver service fees	80,000	30,363	49,637
Administrative costs	2,300	1,593	707
Audit fees	8,500	8,500	-
Collection fees – County Treasurer	31,000	30,956	44
Board of Directors' fees	3,500	-	3,500
Board training and conferences	-	-	-
Election services	18,000	117	17,883
Insurance	4,000	3,888	112
Legal fees	35,000	14,435	20,565
Newsletter publication and mailing services	-	6,702	(6,702)
Miscellaneous costs	-	-	-
Total General and Administration	**$ 253,300**	**$ 167,554**	**$ 85,746**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
SPECIAL REVENUE FUND - ALLEYWAY HOMES SUBDISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ -	$ -	$ -
Specific ownership taxes	-	-	-
Maintenance fees	-	-	-
Net investment income	5,300	5,933	633
Total Revenues	**5,300**	**5,933**	**633**
EXPENDITURES			
County treasurer collection fees	-	-	-
Fund management expenses	-	-	-
Alleyway snow removal services	-	-	-
Total Expenditures	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**5,300**	**5,933**	**633**
OTHER FINANCING SOURCES (USES)			
Transfers to Reunion Metro District	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	**5,300**	**5,933**	**633**
FUND BALANCE – BEGINNING OF YEAR	**133,700**	**135,768**	**2,068**
FUND BALANCE – END OF YEAR	**$ 139,000**	**$ 141,701**	**$ 2,701**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
SPECIAL REVENUE FUND - CARRIAGE HOMES SUBDISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ -	$ -	$ -
Specific ownership taxes	-	-	-
Maintenance fees	-	-	-
Net investment income	1,700	1,984	284
Total Revenues	**1,700**	**1,984**	**284**
EXPENDITURES			
County treasurer collection fees	-	-	-
Fund management expenses	-	-	-
Administrative Costs	-	-	-
Landscape maintenance services	-	-	-
Landscaping - water	-	-	-
Landscaping - electricity	-	-	-
Sprinkler repairs/backflow maintenance	-	-	-
Snow removal services	-	-	-
Miscellaneous Admin Expense	-	-	-
Total Expenditures	**-**	**-**	**-**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**1,700**	**1,984**	**284**
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	**1,700**	**1,984**	**284**
FUND BALANCE – BEGINNING OF YEAR	**42,800**	**45,396**	**2,596**
FUND BALANCE – END OF YEAR	**$ 44,500**	**$ 47,380**	**$ 2,880**

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

NOTE 1 – DEFINITION OF REPORTING ENTITY

North Range Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 27, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Commerce City (City) in August 2000 and amended with City approval in August 2001.

The District's service area is located in Adams County, Colorado entirely within the boundaries of the City and is comprised of 1,875 single family homes and 148 multi-family units generally on the north and south sides of 104th Avenue between Chamber Road and Tower Road and certain commercial property in the southwest corner of the intersection of Tower Road and 104th Avenue. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was also created to provide certain essential public-purpose facilities and services for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organizations 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The District reports the following major governmental funds:

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

The Special Revenue Fund – Alleyway Homes - Subdistrict 1 is used to account for the accumulation of resources for, and the payment of expenditures related to snow removal and concrete repair and replacement of alleyways shared by 172 residential home lots that comprise the total property located within Subdistrict 1.

The Special Revenue Fund – Carriage Homes – Subdistrict 2 is used to account for the accumulation of resources for, and the payment of expenditures related to specific services provided to 48 carriage home lots, which comprise the total property located within Subdistrict 2. Subdistrict 2 was formed for the purpose of fulfilling the responsibilities placed upon the Subdistrict 2 by the Supplemental Declaration of Covenants, Conditions and Restrictions for Reunion Carriage House (filed with the Adams County Clerk & Recorder's Office on November 30, 2018 at reception #2018000096029) to fund (1) the maintenance of the driveways shared by the carriage homes, including snow removal and concrete repair and replacement, (2) maintenance of landscaping on and around each home lot but excluding the fenced in backyard and (3) removal of snow from the sidewalks located on and around each home lot but excluding any sidewalks within the fenced in backyard.

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

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. On November 06, 2024, the Board adopted the District's 2025 budget.

Pooled Cash and Investments

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

Investments are carried at fair value.

Property Taxes

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

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

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the County. In 2025, the District's share of Specific ownership taxes was equal to approximately 5.0% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Covenant Enforcement and Design Review Service Revenue and Costs

Service fees, enforcement fines and other assessments charged by Reunion MD on behalf of the District related to providing covenant enforcement and design review services are retained by Reunion MD. Such District revenue retained by Reunion MD is recorded by the District as additional contributions to Reunion MD under the Mill Levy Equalization Agreement (see Note 7). For the year ended December 31, 2025, costs incurred by Reunion MD providing covenant enforcement services on behalf of the District is estimated at $192,706.

Service fees, enforcement fines and related assessments are reported and recognized as revenue in the District's general fund. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien. Costs related to providing such services are also recorded in the District's general fund.

General and Administrative Costs

The District contracts directly with third-party contractors to provide the District with accounting, legal, audit, insurance and other administrative services. Per the OSA, Reunion MD and the District have agreed for Reunion MD to pay the District's administrative services on a cost-reimbursement basis. Costs incurred directly by Reunion MD providing administrative services to the District are also reimbursable to Reunion MD by the District. Per the OSA, if funds received from the District fail to fully reimburse Reunion MD for payments made on behalf of the District, Reunion MD may (1) suspend or curtail providing administrative services to the District and/or suspend paying the District's administrative contractors or (2) impose fees on homeowners within the District to cover shortfalls in cost reimbursements due to Reunion MD. For 2025, Reunion MD did not provide any administrative services to the District.

See Note 7 regarding the terms of the OSA. See Note 8 – Related Parties regarding the OSA, which was ratified by both the District and Reunion MD when both boards were controlled by the Developer.

Parks and Open Space Maintenance Cost Subsidies – Paid to Reunion MD

Reunion MD owns and maintains all parks and open spaces throughout the Reunion Community, which is comprised of the District, North Range Metropolitan District No 2 and North Range Metropolitan District No 3. Per the OSA, the District has agreed to subsidize costs incurred by Reunion MD to operate and maintain the public parks and open spaces throughout the Reunion Community. Per the OSA, if Reunion MD experiences funding shortfalls related to operating and maintaining the parks and open spaces, Reunion MD may (1) suspend or curtail providing such services or (2) impose fees on Users within the District to cover such funding shortfalls. For the year ended December 31, 2025, subsidies paid by the District (while under control of the Court-appointed receiver) to Reunion MD totaled $2,137,078, which was $330,978 greater than subsidies budgeted for the year.

See Note 7 regarding the terms of the OSA. See Note 8 – Related Parties regarding the OSA, which was ratified by both the District and Reunion MD when both boards were controlled by the Developer.

Amortization

Original Issue Premium: In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Loss Bond Refunding: In the government-wide financial statements, the deferred loss on the District's 2016 bond refunding is being amortized using the interest method over the life of the defeased bonds in accordance with GASBS 65:6. The amortization amount is a component of interest expense and the unamortized deferred loss is reflected as a deferred outflow of resources.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate.

The District has one item that qualifies for reporting as a deferred outflow of resources – loss on refunding of debt in 2016 – which is deferred and recognized as an outflow of resources in the period that the amount is incurred.

Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2025 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Equity

Net Position

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

Fund Balance

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

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

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

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

- ***Assigned fund balance*** – The portion of a 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 a fund balance that does not meet any of the criteria described above.

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

Adoption of New Accounting Standards

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

The District adopted the requirements of this guidance effective January 01, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:		
Cash and investments – unrestricted	$	-
Cash and investments – restricted		913,765**
Total cash and investments	**$**	**913,765**

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

Deposits with financial institutions	$	215,488
Investments		698,277
Total cash and investments	**$**	**913,765**

** - Cash is controlled by a court-appointed receiver. See Note 11 (Litigation).

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash held at financial institutions had a bank and carrying balance of $215,488.

Investments

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

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

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

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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

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

As of December 31, 2025, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trusts (CSAFE)	Weighted Average Under 60 Days	$ 698,277
	Total	**$ 698,277**

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at

$1.00. CSAFE may invest in U.S. treasury securities, repurchase agreements collateralized by U.S. treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAmmf by Fitch Group CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 – PUBLIC FACILITIES

The District does not own any public facilities or capital assets.

There are 171 land tracts totaling approximately 135 acres within the Reunion Community – comprised of all territory within the District, North Range Metro District No 1 and North Range Metro District No 3 – designated for parks, open spaces and recreational facilities. Recreational facilities situated on these land tracts include (1) the Reunion Recreation Center and outdoor community pool, (2) Southlawn community pool, (3) Southlawn amphitheater, (4) seven playgrounds, (5) two parking lots, (6) two small lakes, (7) concession building, (8) perimeter fencing and (9) several miles of trails through the open spaces. All of these facilities, parks and open space land tracts are owned by Reunion MD.

NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2025:

	Balance at Dec. 31, 2024	Additions	Retirements	Balance at Dec. 31, 2025	Due within one year
Series 2016A G.O. Bonds	$ 16,550,000	$ -	($ 1,280,000)	$ 15,270,000	$ 1,320,000
Accrued Interest - Series 2016A	53,481	522,186	(534,565)	41,102	-
Series 2016B G.O. Bonds	11,430,000	-	-	11,430,000	-
Accrued Interest – Series 2016B	40,225	432,244	(436,125)	36,344	-
Total	**$ 28,073,706**	**$ 954,430**	**($2,250,690)**	**$ 26,777,446**	**$ 1,320,000**

Details regarding the District's long-term obligations are as follows:

Series 2016A General Obligation Bonds

On June 03, 2016, the District issued $25,745,000 in General Obligation Refunding Bonds, Series 2016A ("2016A Bonds"). The proceeds of which were used to advance refund the Series 2007 Bonds and pay the costs of issuance of the 2016A Bonds. The 2016A Bonds have a final maturity date of December 1, 2035. The principal amount of the 2016A Bonds is subject to mandatory sinking fund payments prior to their final maturity date. The 2016A Bonds were issued as taxable bonds bearing interest at a rate of 4.61% and converted to tax exempt on December 1, 2016 and bears a rate of 3.23% thereafter.

The 2016A Bonds are secured by a pledge of the District's unlimited debt service mill levy, specific ownership taxes collected as a result of the imposition of such unlimited debt service mill levy, and any other legally available funds.

Amounts on deposit in the 2016A Surplus Fund secure payment of the 2016A Bonds. Available Pledged Revenue, if any, is to be accumulated in the 2016A Surplus Fund in accordance with the 2016A Indenture Agreement up to the Maximum Surplus Amount of $1,280,000.

When the ratio of 2016A and 2016B Bond debt divided by total assessed value of property within the District is 50% or less, all amounts on deposit in the 2016A Surplus Fund shall be released for application by the District in accordance with the MLEPA (defined in Note 7) to the payment of the 2016A Bonds, 2016B Bonds or "Developer Debt" as defined in the MLEPA. As of December 31, 2020, the ratio of 2016A and 2016B Bond debt divided by total assessed value of property within the District was 50.0%. On May 11, 2022, the Trustee released the 2016A Surplus Fund balance totaling $1,285,068. On September 07, 2022, CliftonLarsonAllen, LLP – the District's former accountants which was terminated as of September 01, 2022 by the District's Board – accessed the District's ColoTrust account and transferred $2,588,662 (which included the now unrestricted 2016A Surplus Funds) to Reunion MD (which is a client of CliftonLarsonAllen, LLP).

On November 29, 2022, the District's Board held a public hearing to consider amending the District's 2022 budget. At that meeting, the District Board approved applying the unrestricted 2016A Surplus Funds to the District's 2016A Bonds. Because such amount was improperly transferred to Reunion MD, actual transfers to Reunion MD from the District's Debt fund exceeded the 2022 budget by $951,113.

The 2016A Bonds are subject to redemption any time prior to maturity at the option of the District without any prepayment penalty fee.

On January 19, 2024, Moodys Investor Service downgraded the credit rating of the District's bonds from A2 to Baa1 due to (1) failure to use the $1,285,068 in the Surplus Fund to pay down the Series 2016A Bonds, (2) weak financial controls over the District's cash accounts that allowed unauthorized access and wire transfer of the $1,285,068 in Surplus Funds to Reunion MD (by CliftonLarsonAllen, LLP) and (3) ongoing litigation with Reunion MD regarding the MLEPA and OSA.

Outstanding bond principal and interest on the 2016A Bonds mature as follows:

	Principal	Interest	Total
2026	$ 1,320,000	$ 493,221	$ 1,813,221
2027	1,360,000	450,585	1,810,585
2028	1,405,000	406,657	1,811,657
2029	1,450,000	361,276	1,811,276
2030	1,495,000	314,441	1,809,441
2031-2035	8,240,000	815,415	9,055,415
Total	**$ 15,270,000**	**$ 2,841,595**	**$ 18,111,595**

The District's detail debt service schedule for its 2016A Bonds is provided on page 34.

Series 2016B General Obligation Bonds

On June 03, 2016, the District issued General Obligation Bonds, Series 2016B ("2016B Bonds") in the amount of $12,180,000. The proceeds from the sale of the 2016B Bonds were used to prepay and cancel the 2007 Repayment Obligation incurred under the 2007 Advance and Reimbursement Agreement, finance the costs of certain public improvements, fund the Debt Service Surplus Fund, and pay the costs of issuing the 2016B Bonds. The 2016B Bonds are term bonds with the first term due December 1, 2038 and bearing interest of 5.00% and the second term bonds due December 1, 2045, and bearing and interest rate of 3.50%.

The 2016B Bonds are secured by a pledge of the District's unlimited debt service mill levy, specific ownership taxes collected as a result of the imposition of such unlimited debt service mill levy, and any other legally available funds.

The 2016B Bonds may be redeemed prior to maturity, at the option of the District on or after December 1, 2025 without any prepayment penalty fee.

Outstanding bond principal and interest on the 2016B Bonds mature as follows:

	Principal	Interest	Total
2026	$ -	$ 436,125	$ 436,125
2027	-	436,125	436,125
2028	-	436,125	436,125
2029	-	436,125	436,125
2030	-	436,125	436,125
2031-2035	-	2,180,625	2,180,625
2036-2040	4,765,000	1,747,025	6,512,025
2041-2045	6,665,000	715,750	7,380,750
Total	**$ 11,430,000**	**$ 6,824,025**	**$ 18,254,025**

The District's detail debt service schedule for its 2016B Bonds is provided on page 34.

Series 2016 Bonds Events of Default

The following events are considered events of default under the bond indenture of trust: (1) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust, (2) the District fails to pay the regularly scheduled principle or interest payment due on the bonds, (3) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners, (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds or (5) the District's intentional or reckless failure or refusal by the District to take actions or refrain from taking actions causes the bonds to lose its tax exempt status. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. In addition, if the Series 2016A Bonds lose their tax-exempt status, the interest rate on the bonds will be increased to 4.61% per annum or, if one or more other events of default have also occurred, 8.61% per annum. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization – TABOR

As of December 31, 2024, the District is prohibited from issuing any additional debt (other than refinancing existing debt that would generate a net cost saving to the homeowners) without first obtaining authorization from the District's voters in compliance with TABOR.

On November 7, 2000, the District's seven electors (all of whom were employees or spouses of employees of and qualified to vote by the owner of all land within the District at that time - Shea Homes Limited Partnership) unanimously voted to authorize the District to issue debt at net effective interest rates not to exceed 18% per annum

in amounts not totaling more than $1.036 billion to fund infrastructure improvements and refund any outstanding debt. Per C.R.S 32-1-1101(2), the remaining, unused debt issuance authorization obtained from the District's electors expired on November 6, 2020 - 20 years after the original debt authorization election.

Debt Authorization – Service Plan

The District's Service Plan authorizes the District to issue up to $280 million in debt and establishes a Maximum Mill Levy, subject to certain conditions and restrictions, the District is permitted to impose on taxable property within the District for the payment of debt. The Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 21, 2000 – at which time, the ratios for residential and commercial property were 9.74% and 29%, respectively. The ratio for residential and commercial property for the 2025 collection year was 6.70% and 27.9%, respectively, which caused the District's Maximum Debt Mill Levy for debt service for 2025 to be 77.386.

As of December 31, 2025, total remaining debt issuance authorization under the District's Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	$ 280,000,000
Less:	
2001 General Obligation Bonds	(30,545,000)
2007 General Obligation Bonds	(4,755,000)
2016A General Obligation Bonds	(25,745,000)
2016B General Obligation Bonds	(12,180,000)
Unused, authorized debt issuance per Service Plan	**$ 206,775,000**

Regardless of the total unused borrowing power allowed under the District's Service Plan, the District is prohibited from issuing any additional debt (other than refinancing existing debt that would generate a net cost saving to the homeowners) without first obtaining authorization from the District's voters in compliance with TABOR.

NOTE 6 – NET POSITION (DEFICIT)

Restricted Net Position

The District's restricted net position as of December 31, 2025 in the general fund, Subdistrict No 1 fund, Subdistrict No 2 fund and debt service fund totaled $71,800, $141,701, $47,380 and $483,389, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 10 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2016 Bonds.

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2025 in the general fund, Subdistrict No 1 fund, Subdistrict No 2 fund and debt service fund totaled $5,195, $0, $0 and $0, respectively.

Unassigned Net Position

The District's unassigned net position as of December 31, 2025 totaled ($26,462,023). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Commerce City and other entities.

NOTE 7 – CONTRACTUAL AGREEMENTS

Mill Levy Equalization Agreement (MLEPA)

Reunion MD is a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Court Order and Decree of the Adams County District Court on December 27, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The boundaries of Reunion MD encompass the following two land tracts – (1) a tax exempt 5.2-acre public land parcel that holds the public recreational facilities serving the Reunion Community and (2) an undeveloped 0.23 acre of land located on the east side of E-470 and owned by CPG2 (defined in Note 8). CPG2 purchased the 0.23-acre land tract from Shea Homes LP in August 2017.

On June 3, 2016, North Range Metropolitan District No. 1, No. 2, No. 3 and No. 4 (the District, "NRMD2", "NRMD3" and "NRMD4" and collectively, the "North Range Districts") and Reunion MD (collectively, the MLEPA Districts) entered into a Mill Levy Equalization and Pledge Agreement (MLEPA). At the time the MLEPA was ratified by the MLEPA Districts, all directors serving on Reunion MD and North Range Metro Districts No. 2, No. 3 and No. 4 and three of the five directors serving on North Range Metro District No 1 were officers/employees of Shea Homes LP and all such directors reported conflicts of interest regarding their service as directors on the MLEPA Districts.

Per the MELPA, the North Range Districts:

1) Agreed to levy on an annual basis an "Equalization Mill Levy" – comprised of an operations mill levy and a debt mill levy as determined exclusively by Reunion MD – that would not exceed 99 mills, as adjusted (MLEPA Cap);

2) Pledged all Surplus Debt Mill Levy Revenue (defined below) to Reunion MD for the repayment of any debt issued by Reunion MD up to a maximum principal amount of $280 million (per each North Range District); and

3) Agreed to transfer to Reunion MD within ten days after receipt of monthly tax collections received from the County Treasurer all Surplus Debt Mill Levy Revenue and all operations mill levy revenue. (Note: Reunion MD claims it has sole control over how such public funds received from the North Raneg Districts are spent.)

The MLEPA Cap is subject to adjustment due to the 50-mill debt limit placed on each North Range District in each District's respective service plan that is subject to adjustment by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 2000/2001 – at which time, the ratios for residential and commercial property were 9.15% and 29%, respectively. The ratio for residential and commercial property for the 2025 collection year was 6.70% and 27.9%, respectively, which caused the District's Maximum Debt Mill Levy for debt service for 2025 to be 73.030 mills. Thus, the adjusted MLEPA Cap for 2025 was 126.079 mills.

Surplus Debt Mill Levy Revenues is defined as that portion of property tax revenue plus related specific ownership tax revenue collected by each North Range District under its annual debt mill levy that remains, if any, after remitting any and all such funds pledged towards the repayment of any debt issued by the respective North Range Districts. Per the MLEPA, all Surplus Debt Mill Levy Revenues from each North Range District is pledged to Reunion MD to fund the repayment of up to $280 million plus accrued interest (per each North Range District) in bonds and other obligations issued by Reunion MD.

Per the MLEPA, all bonds directly issued by the North Range Districts are senior in priority of repayment to any obligations entered into by Reunion MD. If any of the North Range Districts issue additional debt in the future, all

North Range Districts agree to remit the proceeds from such debt to the Reunion MD within 10 days of issuing such debt.

On May 1, 2017, the MLEPA Districts amended the MLEPA to require the District and NRMD2 to levy the maximum allowed debt mill levy each year and remit Surplus Debt Mill Levy Revenue to Reunion MD until the Series 2017 bonds issued by Reunion MD to Shea Homes LP (the 2017 Reunion MD Bonds) is paid in full. The original par amount of the 2017 Reunion MD bonds was $16.6 million with a final par amount of $21.6 million. Interest accrues on this debt at a simple rate of 4% per annum. The 2017 Reunion MD Bonds are secured and payable from the following revenue sources: (1) Surplus Debt Mill Levy Revenue remitted only by the District and NRMD2 (NRMD3 and NRMD4 are not obligated to repay the 2017 Reunion MD Bonds), (2) system development fees not otherwise pledged to the District and NRMD2, (3) City Credit Fee revenues and (4) any sales and use tax revenues received from the City through revenue-sharing agreements that are not otherwise pledged to the District and NRMD1. As of December 31, 2025, the outstanding balance due on the 2017 Reunion MD Bonds was $10.3 million plus accrued, unpaid interest totaling approximately $23,000.

On December 19, 2017, Reunion MD (which board was controlled by CPG2 at that time) entered into a “Funding and Reimbursement Agreement” (“FRA”) with CPG2. CPG2 agreed to remit funds to Reunion MD for the purpose of funding the installation of public infrastructure on CPG2 land and, in exchange, Reunion MD agreed to repay such amounts to CPG2. Outstanding amounts owed by Reunion MD to CPG2 accrue simple interest at the rate of 6.5% per annum. In 2025, Reunion MD paid $5.7 million to CPG2 under the FRA. Per the MLEPA, Surplus Debt Mill Levy Revenues will be used to fund this related-party Reunion MD obligation after the 2017 Reunion MD Bonds are paid in full.

The amended MLEPA prohibits the North Range Districts from (1) issuing any additional debt without the consent of the Reunion MD and (2) levying an operating mill levy to generate property tax revenue in any subdistricts within the North Range Districts.

If any of the North Range Districts fail to appropriate the revenues generated from the Reunion MD-directed operations mill levy to Reunion MD, the North Range Districts agree to allow Reunion MD to levy fees and charges outside of Reunion MD’s boundaries on the property owners of land within the North Range Districts to fund Reunion MD’s operating costs. Per section 2.09 of the MLEPA, appropriations of the operations portion of the Equalization Mill Levy shall occur on an annual basis at the discretion of each of the Board of Directors of the North Range Districts and therefore such annual appropriations are not intended to constitute a multiple fiscal year indebtedness or financial obligations subject to the requirements of Article X, Section 20 of the State Constitution ("TABOR"). However, the MLEPA also recognizes shortfalls incurred by Reunion MD with funding its operations are considered “Operations Debt”, which is identified by the MLEPA as a multiple year fiscal obligation to be funded from Surplus Debt Mill Levy Revenues of the North Range Districts.

None of the directors serving on the Reunion MD board are elected by nor subject to recall by the eligible electors of the North Range Districts.

The MLEPA cannot be amended or terminated without the consent of Reunion MD.

NRMD2’s Series 2017 Senior and Subordinate Bonds: Per the “best estimate” financial forecast attached to the NRMD2’s 2017 bond offering documents, NRMD2 is projected to generate no Surplus Debt Mill Levy Revenue until 2043 at the earliest. By such date, it is estimated that the District will have remitted sufficient Surplus Debt Mill Levy Revenues to repay in full both the 2017 Reunion MD Bonds and the current outstanding amounts owed by Reunion MD to CPG2 under the FRA.

Operations Service Agreement with Reunion Metro District

On June 3, 2016 the North Range Districts entered into an Operations Service Agreement (OSA) with Reunion MD whereby Reunion MD would (1) own, operate and maintain all parks and recreational facilities located within the North Range Districts [see **Note 4**], (2) perform the North Range Districts' covenant enforcement and design review responsibilities provided under the Master CCRs and HOA CCRs [defined below] and (3) provide administrative services to the District not otherwise contracted out by the District to third-party contractors. Such administrative services to be provided by Reunion MD included paying the District contractors using funds received from the District under the MLEPA.

Since inception of the OSA, the District has elected each year to hire third party accountants, managers, attorneys, insurance providers and auditors to perform most or all of the District's administrative services.

Per the OSA, the North Range Districts agreed to remit their Operations and Maintenance Mill Levy revenues to Reunion MD to (1) subsidize expenses incurred by Reunion MD to operate and maintain the public parks and open spaces within the North Range Districts, (2) reimburse Reunion MD for costs it incurs providing covenant enforcement and design review services to North Range District homeowners on behalf of the North Range Districts and (3) reimburse Reunion MD for (i) direct costs incurred by Reunion MD providing administrative services to the District and (ii) paying District contractors' invoices.

In the event the North Range Districts' Operations and Maintenance Mill Levy revenue remitted to Reunion MD under the MLEPA are insufficient to reimburse Reunion MD in full for costs it incurred in providing these services, Reunion MD may (1) suspend or curtail services provided to the North Range Districts and/or (2) impose user fees on District property owners to recover all costs incurred by Reunion MD (which is a violation of constitutional prohibitions on transfer of the District's legislative powers). Also, per the MLEPA, shortfalls incurred by Reunion MD with funding Reunion MD operations are considered "Operations Debt", which is identified by the MLEPA as a multiple year fiscal obligation to be funded from Surplus Debt Mill Levy Revenues of the North Range Districts. Thus, the OSA allows Reunion MD to incur debt on behalf of the District and, in violation of Colorado Budget Law and constitutional prohibitions on transfer of the District's legislative powers, spend funds in excess of amounts appropriated by the District for transfer to Reunion MD.

The OSA allows any of the North Range Districts to terminate subsidizing Reunion MD's costs to operate and maintain the public parks and open spaces within the North Range Districts if a written termination plan is submitted and written approval is provided by all North Range Districts. (North Range Metro District No 3 and No 4 were controlled by directors who also serve as directors on Reunion MD). The written termination plan must include, but not limited to, the following: (1) a description of how the North Range Districts will repay all debts and obligations incurred by Reunion MD and (2) an indemnification clause where the North Range Districts will indemnify Reunion MD against all injuries, losses and other events of damage associated with any outstanding agreements to which Reunion MD is a party.

After providing 90 days written notice, each of the North Range Districts are authorized under the OSA to terminate receiving administrative services from the Reunion MD. On August 02, 2022, the District's Board unanimously voted to terminate any and all administrative services provided by Reunion MD effective September 01, 2022. Although the District continues to rely solely on third-party accountants, attorneys, insurance providers, auditors and other contractors to perform all administrative functions of the District, the District is dependent on Reunion MD to fund such contractor services because, under the MLEPA, all of the District's operations revenue must be remitted to Reunion MD. As of December 31, 2025, Reunion MD has refused to use operations funds received from the District to pay for several invoices submitted in 2023 by the District's accountant/manager and the District's legal/litigation counsel.

At the time the OSA was ratified by the North Range Districts and Reunion MD, all directors serving on Reunion MD and North Range Metro Districts No. 2, No. 3 and No. 4 and three of the five directors serving on North Range Metro District No 1 were officers/employees of Shea Homes LP and all such directors reported conflicts of interest regarding their service as directors on the MLEPA Districts.

None of the directors serving on the Reunion MD board are elected by nor subject to recall by the eligible electors of the North Range Districts.

The OSA cannot be amended or terminated without the consent of Reunion MD.

Declaration of Covenants Conditions and Restrictions (Master CCRs)

On May 25, 2010 Shea Homes, LP (Shea Homes) filed with the Adams County Clerk & Recorder's Office a Declaration of Covenants, Conditions and Restrictions for North Range Metropolitan District No. 1 Area within Reunion ("Master CCRs"). The purpose of the Master CCRs is to (1) protect and enhance the quality, value, desirability and attractiveness of all property subject to the Master CCRs; (2) empower the District to provide covenant enforcement and design review services for the benefit of property owners subject to the Master CCRs, (3) define the duties, powers and rights of the District granted by the Master CCRs and (4) define certain duties, power and rights of property owners whose land is subject to the Master CCRs.

Between May 25, 2010 and December 31, 2021, 453 home lots were annexed into the Master CCRs.

On August 27, 2002 Shea Homes, LP (Shea Homes) filed with the Adams County Clerk & Recorder's Office a Declaration for Reunion Homeowners Association, Inc ("HOA CCRs"). The purpose of the HOA CCRs is to (1) protect and enhance the quality, value, desirability and attractiveness of all property subject to the HOA CCRs; (2) empower the Reunion Homeowners Association, Inc (HOA) to provide covenant enforcement and design review services for the benefit of property owners subject to the HOA CCRs, (3) define the duties, powers and rights of the HOA granted by the HOA CCRs and (4) define certain duties, power and rights of property owners whose land is subject to the HOA CCRs.

Between August 27, 2002 and December 31, 2006, 1,579 home lots were annexed into the HOA CCRs.

On July 01, 2007, the District entered into an agreement with the HOA where the HOA assigned its rights and obligations provided under the HOA CCRs to the District and authorized Reunion MD to perform and provide on behalf of the District the covenant enforcement services assigned by the HOA to the District under this Agreement.

On April 14, 2025, the Developer-controlled HOA board transferred control of the HOA Board to homeowners – nearly three years after the Developer was required by the CCRs to turn over control of the HOA Board to the homeowners.

On July 17, 2025, the HOA Board terminated the 2007 Assignment Agreement and notified Reunion MD and the District regarding such termination.

On September 09, 2025, the District entered into an agreement with Reunion HOA where the Reunion HOA assigned to the District Reunion HOA's responsibilities and powers to enforce the HOA CCRs. The cost to provide such services will be funded from the general tax revenues of the District.

Supplemental CCRs – Carriage Homes: On November 30, 2018, CPG2 (defined below) filed with the Adams County Clerk & Recorder's Office a Supplemental Declaration of Covenants Conditions and Restrictions for Reunion Carriage House Filing No 18 ("Carriage Home CCRs"). The Carriage Home CCRs are an extension of the Master CCRs. The 48

carriage home lots subject to the Carriage Home CCRs are all located within Subdistrict No 2. Per the Carriage Home CCRs, the carriage home lots are subject to certain additional covenants, conditions and restrictions regarding the use and maintenance of such lots. In addition, the Carriage Home CCRs require the Subdistrict No 2 to provide the following services to the carriage home lots: (1) maintain, repair and replace Perimeter Fencing, (2) maintain, repair and replace Front Yard Landscaping on each lot, (3) irrigation water to maintain all landscaping on each lot, (4) snow removal from the Auto Courts (i.e. shared automobile courtyard/driveway) and sidewalks and (5) maintenance and repair of the Auto Courts.

On February 4, 2020, Subdistrict No 2 assigned to Reunion MD and Reunion MD accepted all rights and obligations under the Carriage Home CCRs.

NOTE 8 – RELATED PARTIES

Identification of Land Developer Within Reunion Community: Clayton Properties Group II, Inc. (CPG2) – a subsidiary of Berkshire Hathaway Inc (BRK.A: NYSE) – owns Oakwood Homes, which owns and is developing a significant number of residential home lots and land tracts within the District and within NRMD1 and NRMD3.

In 2017, Shea Homes sold the majority of land within the District, NRMD2 and NRMD3 to CPG2.

In August 2023, CPG2 noted in a letter to Commerce City that CPG2 believes due process is violated when public officials serving on City Council vote on matters with which such officials have a conflict of interest and demanded that a certain council member, who CPG2 alleged to be conflicted regarding a certain CPG2 land use application, be recused from voting on such matter. CPG, however, has not expressed any opposition to or claims any violations of due process by any public officials conducting business when such conflicted public officials are/were (1) controlled by CPG2 or Shea Homes through land purchase option contracts and (2) voting on matters that directly or indirectly impact CPG2 and/or Shea Homes.

Reunion MD Board Composition: Of the four directors serving on the Reunion MD board in 2025 (one vacancy existed on such board), three directors were officers/employees of CPG2 and one director was an officer/employee of Shea Homes. To qualify themselves to serve as directors on Reunion MD's board, the directors relied on land purchase option contracts they entered into with CPG2. Per these land purchase option contracts, CPG2 has unilateral authority to cancel these purchase option contracts at any time to disqualify such directors from continuing to serve on the Reunion MD Board.

Further, the entire electoral base of Reunion MD has always been and continues to be comprised of individuals who are qualified to vote based on land purchase contracts they entered into with CPG2. CPG2 has unilateral authority to cancel any of these purchase option contracts at any time to disqualify any individual comprising the electoral base of Reunion MD. Thus, all directors that have ever served on the Reunion MD board have been "elected" by a voter base entirely controlled by CPG2 (or Shea Homes in 2017 and prior years).

District Board Composition: Beginning May 2020, all five directors serving on the District's Board owned homes and lived within the District, were elected by eligible electors who were not controlled by CPG2 and had no contractual relationships with CPG2 or Shea Homes.

Between August 2000 and May 2008, all directors serving on the District's board were officers and/or employees of Shea Homes or had other business relationships with Shea Homes. Between May 2008 and May 2018, three of five directors serving on the District's board were officers and/or employees of Shea Homes or had other business relationships with Shea Homes. To qualify themselves to serve as directors on the District's board, the directors relied on land purchase contracts they entered into with Shea Homes. Also, the entire electoral base of the District during this time period was comprised of individuals who were qualified to vote based on land purchase contracts they

entered into with Shea Homes. Shea Homes had unilateral authority to cancel any of those purchase option contracts at any time to disqualify any individuals comprising the electoral base of and/or the board of the District. Thus, all Shea Homes-controlled directors that served on the District's board during this time period were "elected" by a voter base that was also entirely controlled by Shea Homes.

Between May 2018 and May 2020, three of five directors serving on the District's board were officers and/or employees of CPG2 or employed by companies that had significant contractual business relationships with CPG2. To qualify themselves to serve as directors on the District's board, the directors relied on land purchase contracts they entered into with CPG2. Also, the entire electoral base of the District in 2018 was comprised of individuals who were qualified to vote based on land purchase contracts they entered into with CPG2. CPG2 had unilateral authority to cancel any of those purchase option contracts at any time to disqualify any individuals comprising the electoral base of and/or the board of the District. Thus, all CPG2-controlled directors that served on the District's board during this time period were "elected" by a voter base that was also entirely controlled by CPG2.

District 2 Board Composition: None of the five directors serving on the NRMD2 board in 2025 reported conflicts of interest serving on the board.

District 3 Board Composition: Beginning May 2023, three of five directors serving on NRMD3's Board owned homes and lived within NRMD3, were elected by eligible electors who were not controlled by CPG2 and had no contractual relationships with CPG2 or Shea Homes. Beginning in May 2025, all five directors serving on NRMD3's Board owned homes and lived within NRMMD3, were elected by eligible electors who were not controlled by CPG2 and had no contractual relationships with CPG2 or Shea Homes.

District 4 Board Composition: All directors serving on the NRMD4 board in 2025 were officers and/or employees of Shea Homes or had other business relationships with Shea Homes. To qualify themselves to serve as directors on NRMD4's board, the directors relied on land purchase contracts they entered into with Shea Homes. Also, the entire electoral base of NRMD4 has always been and continues to be comprised of individuals who are qualified to vote based on land purchase contracts they entered into with Shea Homes. Shea Homes has unilateral authority to cancel any of these purchase option contracts at any time to disqualify any individuals comprising the electoral base of and/or the board of NRMD4. Thus, all Shea Homes-controlled directors that have ever served on the NRMD4 board have been "elected" by a voter base that is also entirely controlled by Shea Homes.

Parties Ratifying the MLEPA and OSA: At the time the MLEPA and OSA were ratified by the MLEPA Districts, all directors serving on Reunion MD, NRMD2, NRMD3 and NRMD4, and three of the five directors serving on the District, were officers/employees of Shea Homes and all such directors reported conflicts of interest regarding their service as directors on the MLEPA Districts. All such directors relied on land purchase contracts they entered into with Shea Homes to qualify themselves to serve as directors on Reunion MD's board. Also, the entire electoral base of Reunion MD, NRMD3 and NRMD4 was comprised of individuals who were qualified to vote based on land purchase contracts they entered into with Shea Homes. Shea Homes had unilateral authority to cancel any of these purchase option contracts at any time to disqualify any individuals comprising the electoral base of Reunion MD, NRMD3 and NRMD4 and/or the board of these three districts. Thus, all Shea Homes-controlled directors that served on Reunion MD, NRMD3 and NRMD4 boards at the time the MLEPA and OSA were ratified were "elected" by a voter base that was entirely controlled by Shea Homes.

Owners of Reunion MD Debt Subject to MLEPA: Reunion MD Series 2017 Bonds (totaling outstanding – including accrued unpaid interest – as of December 31, 2025 is $10.3 million) is owned by Shea Homes and CPG2.

NOTE 9 – RISK MANAGEMENT

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

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

NOTE 10 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

On November 07, 2000, the District's electors (all of whom were employees or spouses of employees of and qualified to vote by the owner of all land within the District at that time - Shea Homes Limited Partnership) unanimously voted to authorize the District to assess property taxes at no more than $10,000,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors voted unanimously to approve a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

NOTE 11 – LITIGATION WITH REUNION MD

On December 08, 2022, Reunion MD filed a lawsuit in Adams County District Court against the District and NRMD2 for breaching the MLEPA and the OSA after the District and NRMD1 adopted 2023 budgets reflecting (1) no funds to be remitted to Reunion MD and (2) mill levies that were different from the mill levies Reunion MD directed the districts to levy. Reunion MD is demanding the District and NRMD2 comply with the terms of the MLEPA and OSA and all property taxes the District and NRMD2 collect from the property owners within their respective boundaries be remitted to and under the sole control of Reunion MD. Reunion MD argues that, per the terms of the MLEPA, the MLEPA cannot be amended or terminated without the consent of the Reunion MD board – all of whom are employees of CPG2 and Shea Homes. (See Note 8 – Related Parties – regarding ratification of the MLEPA and OSA)

On January 23, 2023, the District and NRMD2 filed a response and counter claims against Reunion MD. The District and NRMD2 claim the MLEPA is void as an illegal contract on the grounds that the MLEPA violates various Colorado statutes, violates the Taxpayer Bill of Rights within the Colorado Constitution, is an unfair and unconscionable contract and is contrary to public policy. The District and NRMD2 also claim Reunion MD breached the contractual terms of the MLEPA, if the court deems the MLEPA to be a valid contract.

On May 09, 2023, District Court granted Reunion MD's request that the District and NRMD2 be placed into receivership. Through the receivership order, all tax and related revenue collected under each district's general mill levy is to be remitted by the court-appointed receiver (Receiver) to Reunion MD. In addition, Surplus Debt Mill Levy Revenues generated under the districts' debt mill levies (i.e. debt mill levy revenues net of principal and interest payments due on the district-issued bond debt) is also to be remitted by the Receiver to Reunion MD in accordance with the terms of the MLEPA.

Under the District Court's current receivership order, the District and NRMD2 have effectively been denied retaining any funds to defend themselves against Reunion MD's lawsuit and to pay their contractors – including attorneys, accountants and consultants required to operate the District. In 2023, Reunion MD refused to use any of the District's funds to pay the District's legal and accounting contractors claiming its 2023 budget did not contemplate paying the District's accountants and attorneys. However, Reunion MD paid all other operational costs of the District in 2023 and has amended Reunion MD's budget to increase payments to Reunion MD's accountants and attorneys. As of December 31, 2025, the District's accounts payable balance is comprised of unpaid invoices submitted by the District's accountants (for 2023 services) and attorneys to Reunion MD, which Reunion MD continues to refuse to pay with the funds RMD receives from the District.

On July 3, 2023 – one month after three homeowners with no relationships to CPG2 or Shea Homes were elected to NRMD3's 5-member board – Reunion MD amended its complaint to include NRMD3 as a defendant along with NRMD1 and NRMD2. On November 29, 2023, District Court granted Reunion MD's request and added NRMD3 as a defendant in the Reunion MD lawsuit. However, no court order has been issued placing NRMD3 into receivership.

The 2023 budgets originally adopted by the District and NRMD1 boards (which had to be scrapped due to a temporary court order imposed on the District and NRMD1 resulting from Reunion MD's December 2022 lawsuit) reflected professional fees to operate the Reunion Community totaling $418,000, **which was 60% or $277,812 less than the $695,812 in professional fees budgeted per Reunion MD's 2023 budget**. **Actual professional fee expenditures incurred by Reunion MD in 2023 totaled $800,780 – which was 48% higher than the 2023 professional fee expense budget adopted by NRMD1 and NRMD2 but rejected by Reunion MD.**

Actual professional fees incurred by Reunion MD for the past three years plus professional fees budgeted by Reunion MD for 2026 are as follows:

Reunion MD – Professional Fees	2023 [Actual]	2024 [Actual]	2025 [Actual]	2026 [Budgeted]
General Fund – Legal services	$ 147,367	$ 181,441	$ 149,654	$ 200,000
General Fund – Accounting services	98,254	88,392	78,167	82,400
General Fund – Management services	77,137	93,255	85,784	99,750
General Fund – IT Management services	6,487	8,775	4,538	7,500
Recreation Fund – Accounting services	35,443	56,140	72,076	76,000
Recreation Fund – Management services	77,136	93,255	85,181	98,365
Recreation Fund – Website management	5,414	5,243	5,228	7,500
HOA Fund – Legal services	74,512	95,617	101,520	90,000
HOA Fund – Accounting services	25,337	16,044	16,040	16,909

HOA Fund – Management services	16,689	20,723	17,676	21,844
HOA Fund – HOA Management services	161,895	172,419	170,997	190,000
HOA Fund – Collection services	49,985	34,618	42,274	36,000
HOA Fund – Website management	720	720	720	1,500
Capital Project Fund – Legal services	10,877	5,572	21,636	10,000
Capital Project Fund – Accounting services	9,691	-	1,305	5,000
Capital Project Fund – Management services	3,836	-	-	5,000
Total Professional Fees	**$ 800,780**	**$ 872,214**	**$ 852,796**	**$ 947,768**

Budgeted professional fees per 2023 budgets adopted by the District and NRMD2 ***but rejected by Reunion MD***	**$ 418,000**
$ Difference	**$ 382,780**
% Difference (Reunion MD's actual spending above District/NRMD2 budgeted professional fees)	**92%**

Litigation fees incurred by all parties subject to Reunion MD's 2022 lawsuit are as follows:

	2022 to 2024 [Actual]	2025 [Actual]	2026 [Budgeted]	Total	
Reunion MD litigation costs***	$ 1,086,091	$ 419,110	$ 500,000	$ 2,005,201	72%
Receivership fees	181,846	48,325	48,000	278,171	10%
NRMD1 litigation costs	44,240	18,005	130,000	192,245	
NRMD2 litigation costs	26,518	18,005	130,000	174,523	18%
NRMD3 litigation costs	8,013	-	130,000	138,013	
Total Litigation Costs	**$ 1,346,708**	**$ 503,445**	**$ 938,000**	**$ 2,788,153**	**100%**

*** - Note: District Court currently allows Reunion MD (i.e. the Plaintiff) to fund 100% of its litigation costs using the Defendants (i.e. the District, NRMD1 and NRMD3) funds rather than requiring Plaintiff to fund its litigation costs from fees/taxes levied by Plaintiff on its sole property owner, CPG2.

On January 04, 2026, District Court denied RMD's demand to dismiss three of four counterclaims filed by the District and NRMD1 against RMD. The Court also denied NRMD3's demand to dismiss breach of contract claims filed by RMD against NRMD3.

On January 20, 2026, RMD bondholders (CMH Capital and Shea Homes) filed motion to intervene and become plaintiffs with RMD against the District and NRMD1 and NRMD3. On May 29, 2026, the Court granted CMH Capital and Shea Homes request to become plaintiffs with RMD against the District, NRMD1 and NRMD3.

On June 18, 2026, RMD and Bondholders appealed to Colorado Supreme Court regarding District Court's denial of their motion to dismiss certain counter claims filed by the District, NRMD1 and NRMD3 against RMD. On June 30, 2026, the Colorado Supreme Court agreed to consider RMD's appeal. On September 10, 2026, the Colorado Supreme Court rescinded its decision to consider RMD's appeal and remanded the case back to District Court for further proceedings.

In response to District Court's order to try and resolve differences through mediation, all parties to the lawsuit participated in mediation on June 30, 2026. At RMD's request, the scheduling of a second day of mediation was postponed and the North Range Districts provided a written offer of settlement through the mediator as part of the mediation process. On September 10, 2026 (the same date that Colorado Supreme Court rescinded its decision to consider RMD's appeal), RMD published and distributed a letter to the residents of NRMD1, NRMD2 and NRMD3 which contained certain false information detrimental to NRMD1, NRMD2 and NRMD3 and confidential mediation communications that should not have been disclosed. Such confidential mediation information distributed by RMD was in violation of the mediation agreement and in violation of the Colorado Dispute Resolution Act, C.R.S. 13-22-301, et seq. On September 16, 2026, the Adams County District Court issued a Temporary Restraining Order (1) enjoining RMD from any further dissemination of confidential mediation information in violation of the Mediation Submission Agreement and C.R.S. § 13-22-307 and (2) mandating RMD to retract the communication sent to NRMD1, NRMD2 and NRMD3 residents. A date to hear this matter before the Court has not yet been set.

RMD's lawsuit against NRMD1, NRMD2 and NRMD3 is currently scheduled for a 2-week jury trial in Adams County District Court beginning in March 2027.

Under Adams County District court's current receivership order, it is possible the District (which serves over 5,100 residents and taxpayers) and its publicly elected board will not be able to defend itself, and Reunion MD (which serves a single 0.23-acre land tract owned by CPG2 and is not accountable to any District taxpayers) will control the taxation powers and finances of the District through the MLEPA and OSA. Because the litigation process is subject to many uncertainties, and the outcome is not predictable with assurance, the District cannot predict the ultimate outcome of this lawsuit or the impact it may have on the District's financial condition.

Violation of the MLEPA Maximum Allowed Mill Levy

Between 2017 through 2025, Reunion MD-imposed debt mill levies on the District under the MLEPA caused the District's annual debt mill levies to be higher or lower than the maximum allowed debt mill levy per the 2016 Senior and Subordinate indentures of trust causing. The cumulative net impact of these annual debt levy differences is an overpayment to the bondholders (and an over assessment of property taxes on taxpayers) by $26,890. (See table below for further details.)

Collection Year	Adopted Debt Mill Levy	PropTax Revenue Levied	Required Debt Mill Levy	Tax Revenue from Required Debt Mill Levy	Difference	
					Debt Mill Levy	Taxes Assessed (Over) /Under Required Debt Mill Levy
2025	73.030	$ 5,975,535	73.849	$ 6,042,548	0.819	$ 67,013
2024	72.666	5,936,399	73.754	6,025,283	1.088	88,884
2023	63.954	4,351,108	64.839	4,411,319	0.885	60,211
2022	63.986	4,479,931	63.210	4,425,599	(0.776)	(54,332)
2021	63.986	4,275,960	63.195	4,223,100	(0.791)	(52,860)
2020	63.985	4,227,033	63.208	4,175,702	(0.777)	(51,331)
2019	63.541	3,703,948	62.809	3,661,279	(0.732)	(42,669)
2018	63.541	3,638,935	62.811	3,597,129	(0.730)	(41,806)
2017	57.475	2,748,468	57.475	2,748,468	-	-
			Net Property Taxes Assessed in Excess of Required Debt Mill Levy Per the 2016 Indenture of Trust			**($ 26,890)**

SUPPLEMENTARY INFORMATION

NORTH RANGE METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12 -Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 5,975,500	$ 5,970,924	$ (4,576)
Specific ownership taxes	298,800	298,674	(126)
System development fees	-	-	-
Net investment income	20,000	37,299	17,299
Total Revenues	**6,294,300**	**6,306,897**	**12,597**
EXPENDITURES			
Debt management & compliance	95,700	95,640	60
Cash payments on debt			
Interest payments on bonds	1,008,200	970,690	37,510
Principal payments on bonds	1,280,000	1,280,000	-
Total Expenditures	**2,383,900**	**2,346,330**	**37,570**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**3,910,400**	**3,960,567**	**50,167**
OTHER FINANCING SOURCES (USES)			
MLEPA Transfers to Reunion Metro District	(3,910,400)	(3,909,258)	1,142
Transfers from General Fund	-	-	-
Total Other Financing Sources (Uses)	**(3,910,400)**	**(3,909,258)**	**1,142**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	51,309	51,309
FUND BALANCE – BEGINNING	**-**	**432,080**	**432,080**
FUND BALANCE – END OF YEAR	**$ -**	**$ 483,389**	**$ 483,389**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
DEBT MANAGEMENT & COMPLIANCE EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DEBT MANAGEMENT & COMPLIANCE			
Collection fees – County Treasurer	$ 89,700	$ 89,640	$ 60
Bond paying agent fees	6,000	6,000	-
Miscellaneous costs	-	-	-
Total Debt Management & Compliance Expenses	**$ 95,700**	**$ 95,640**	**$ 60**

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

NORTH RANGE METROPOLITAN DISTRICT NO. 1

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2025

The District's repayment schedule for its general obligation bonds is as follows:

	$25,745,000 G.O. Refunding Bonds Series 2016A Dated June 3, 2016 Principal due December 1			$12,180,000 G.O. Bonds Series 2016B Dated June 3, 2016 Principal due December 1			Total		
Year Ended Dec. 31,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	$ 1,320,000	$ 493,221	$ 1,813,221	$ -	$ 436,125	$ 436,125	$ 1,320,000	$ 929,346	$ 2,249,346
2027	1,360,000	450,585	1,810,585	-	436,125	436,125	1,360,000	886,710	2,246,710
2028	1,405,000	406,657	1,811,657	-	436,125	436,125	1,405,000	842,782	2,247,782
2029	1,450,000	361,276	1,811,276	-	436,125	436,125	1,450,000	797,401	2,247,401
2030	1,495,000	314,441	1,809,441	-	436,125	436,125	1,495,000	750,566	2,245,566
2031	1,545,000	266,152	1,811,152	-	436,125	436,125	1,545,000	702,277	2,247,277
2032	1,595,000	216,249	1,811,249	-	436,125	436,125	1,595,000	652,374	2,247,374
2033	1,645,000	164,730	1,809,730	-	436,125	436,125	1,645,000	600,855	2,245,855
2034	1,700,000	111,597	1,811,597	-	436,125	436,125	1,700,000	547,722	2,247,722
2035	1,755,000	56,687	1,811,687	-	436,125	436,125	1,755,000	492,812	2,247,812
2036	-	-	-	1,000,000	436,125	1,436,125	1,000,000	436,125	1,436,125
2037	-	-	-	1,050,000	386,125	1,436,125	1,050,000	386,125	1,436,125
2038	-	-	-	1,105,000	333,625	1,438,625	1,105,000	333,625	1,438,625
2039	-	-	-	1,160,000	315,875	1,475,875	1,160,000	315,875	1,475,875
2040	-	-	-	1,200,000	275,275	1,475,275	1,200,000	275,275	1,475,275
2041	-	-	-	1,245,000	233,275	1,478,275	1,245,000	233,275	1,478,275
2042	-	-	-	1,285,000	189,700	1,474,700	1,285,000	189,700	1,474,700
2043	-	-	-	1,330,000	144,725	1,474,725	1,330,000	144,725	1,474,725
2044	-	-	-	1,380,000	98,175	1,478,175	1,380,000	98,175	1,478,175
2045	-	-	-	675,000	49,875	724,875	675,000	49,875	724,875
Total	**$ 15,270,000**	**$ 2,841,595**	**$ 18,111,595**	**$ 11,430,000**	**$ 6,824,025**	**$ 18,254,025**	**$ 26,700,000**	**$ 9,665,620**	**$ 36,365,620**

NORTH RANGE METROPOLITAN DISTRICT NO. 1

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied				Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Subdistrict #1	Subdistrict #2	Levied	Collected (Note A)	
2019	$58,292,260	24.764	63.541	0.000	0.000	$5,147,499	$5,150,480	100.1%
2020	66,062,870	24.320	63.985	0.000	0.000	5,833,682	5,823,729	99.8%
2021	66,826,490	24.320	63.986	0.000	0.000	5,901,180	5,892,048	99.9%
2022	70,014,230	24.320	63.986	0.000	0.000	6,182,677	6,211,839	100.5%
2023	68,034,960	65.499	32.920	0.000	30.149	6,733,900	6,741,834	100.0%
2024	81,694,320	25.584	72.666	0.000	0.000	8,026,500	8,229,683	102.5%
2025	81,823,020	25.220	73.030	0.000	0.000	8,039,100	8,320,670	103.5%
2026	82,363,890	26.720	71.054	0.000	0.000	8,053,100	[TBD]	TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

NORTH RANGE METROPOLITAN DISTRICT NO. 1

CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2025

	2024 Mill Levy *	2025 Mill Levy **	Change
North Range Metropolitan District No. 1	98.250	97.774	(0.476)
Brighton School District No. 27J	56.644	56.290	(0.354)
Commerce City North Infrastructure General Improvement District	8.000	8.000	0.000
Adams County	26.944	27.479	0.535
South Adams Fire District No. 4	14.750	14.750	0.000
Rangeview Library District	3.667	3.715	0.048
City of Commerce City	2.700	2.613	(0.087)
South Adams County Water and Sanitation District	2.013	2.265	0.252
Urban Drainage and Flood Control	0.900	0.900	0.000
Urban Drainage and Flood Control – South Platte	0.100	0.100	0.000
Total Mill Levy (Tax Area 459)	**213.968**	**213.886**	**(0.082)**

* -- For property tax collections in 2025

** -- For property tax collections in 2026

NORTH RANGE METROPOLITAN DISTRICT NO. 1

HISTORICAL DEBT RATIOS

December 31, 2025

	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
General Obligation Bonds	$ 32,330,000	$ 30,420,000	$29,220,000	$27,980,000	$ 26,700,000
Accrued, unpaid interest - Bonds	93,706	93,706	93,706	93,706	77,446
Restricted Cash in Bond Funds	(2,079,492)	(379,558)	(78,940)	(409,761)	(514,798)
Combined assessed property values within the District	66,826,490	68,034,960	81,694,320	81,823,020	82,363,890
Ratio of debt to assessed property values	45.4%	44.3%	35.8%	33.8%	31.9%