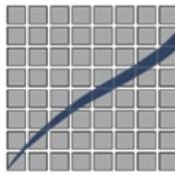


**TUSCAN FOOTHILLS VILLAGE METROPOLITAN
DISTRICT**
EL PASO COUNTY, COLORADO

FINANCIAL STATEMENTS
DECEMBER 31, 2025

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BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tuscan Foothills Village Metropolitan District
El Paso County, Colorado

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

BiggsKofford LLP

Colorado Springs, Colorado
July 13, 2026

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2025

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 54,047
Cash and investments - restricted	100,688
Receivable from County Treasurer	1,222
Prepaid expenses	975
Property taxes receivable	180,382
Accounts receivable	1,830
Capital assets:	
Capital assets, not being depreciated	90,835
Total assets	429,979
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred balance on cost of refunding of bonds, net	35,553
Total deferred outflows of resources	35,553
<u>LIABILITIES</u>	
Accounts payable	5,720
Prepaid fees	3,877
Accrued interest	6,170
Noncurrent liabilities:	
Due within one year	18,000
Due in more than one year	2,147,467
Total liabilities	2,181,234
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property taxes	180,382
Total deferred inflows of resources	180,382
<u>NET POSITION</u>	
Net investment in capital assets	13,447
Restricted for:	
Debt service	47,240
Capital projects	42,040
Emergency reserve	2,700
Unrestricted	(2,001,511)
Total net position	\$ (1,896,084)

The accompanying notes and independent auditor's report
should be read with these financial statements.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
			Operating	Capital Grants	
	Expenses	Charges for Services	Grants and Contributions	and Contributions	Governmental Activities
<u>FUNCTIONS / PROGRAMS</u>					
Primary government					
Government activities:					
General government	\$ 99,398	\$ 82,634	\$ -	\$ -	\$ (16,764)
Interest and related costs on long-term debt	296,869	-	-	-	(296,869)
Total government activities	<u>\$ 396,267</u>	<u>\$ 82,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(313,633)</u>
<u>GENERAL REVENUES</u>					
Property taxes					160,213
Specific ownership taxes					15,340
Investment income					2,908
Total general revenues					<u>178,461</u>
Change in net position					(135,172)
Net position, beginning of year					<u>(1,760,912)</u>
Net position, end of year					<u>\$ (1,896,084)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

BALANCE SHEETS - GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 54,047	\$ -	\$ -	\$ 54,047
Cash and investments - restricted	2,700	55,948	42,040	100,688
Receivable from County Treasurer	246	976	-	1,222
Prepaid expenses	975	-	-	975
Property taxes receivable	37,196	143,186	-	180,382
Accounts receivable	1,830	-	-	1,830
Due from other funds	3,514	-	-	3,514
Total assets	<u>\$ 100,508</u>	<u>\$ 200,110</u>	<u>\$ 42,040</u>	<u>\$ 342,658</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 5,720	\$ -	\$ -	\$ 5,720
Prepaid fees	3,877	-	-	3,877
Due to other funds	-	3,514	-	3,514
Total liabilities	<u>9,597</u>	<u>3,514</u>	<u>-</u>	<u>13,111</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property taxes	<u>37,196</u>	<u>143,186</u>	<u>-</u>	<u>180,382</u>
Total deferred inflows of resources	<u>37,196</u>	<u>143,186</u>	<u>-</u>	<u>180,382</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid expenses	975	-	-	975
Restricted for:				
Debt service	-	53,410	-	53,410
Capital projects	-	-	42,040	42,040
Emergency reserve	2,700	-	-	2,700
Committed for:				
Operations and maintenance	56,798	-	-	56,798
Unassigned:				
Unrestricted	(6,758)	-	-	(6,758)
Total fund balances	<u>53,715</u>	<u>53,410</u>	<u>42,040</u>	<u>149,165</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 100,508</u>	<u>\$ 200,110</u>	<u>\$ 42,040</u>	
Amounts reported in governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Capital assets, not being depreciated				90,835
Other long term assets are not available to pay current expenditures and, therefore, are not reported in the funds:				
Deferred balance on cost of refunding of bonds, net				35,553
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:				
Bonds payable				(1,384,000)
Accrued interest on bonds payable				(6,170)
Developer advances				(575,118)
Accrued interest on developer advances				(206,349)
Net position of governmental activities				<u>\$ (1,896,084)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>REVENUES</u>				
Property taxes	\$ 32,279	\$ 127,934	\$ -	\$ 160,213
Specific ownership taxes	3,091	12,249	-	15,340
Investment income	3	2,905	-	2,908
Operations and maintenance fees	82,634	-	-	82,634
Total revenues	118,007	143,088	-	261,095
<u>EXPENDITURES</u>				
Current:				
Bank charges	-	129	-	129
County Treasurer fees	484	1,919	-	2,403
Dues and subscriptions	395	-	-	395
Election	1,613	-	-	1,613
Insurance	5,778	-	-	5,778
Landscaping	16,491	-	7,400	23,891
Management fees	30,446	-	-	30,446
Office and supplies	467	-	-	467
Professional fees	23,302	-	-	23,302
Repairs and maintenance	6,065	-	560	6,625
Stormwater fees	1,006	-	-	1,006
Utilities	3,343	-	-	3,343
Debt service:				
Bond issuance costs	-	178,000	-	178,000
Bond principal payments	-	1,245,000	-	1,245,000
Bond interest payments	-	76,127	-	76,127
Trustee fees	-	4,000	-	4,000
Early redemption premium on Series 2019 bonds	-	37,200	-	37,200
Total expenditures	89,390	1,542,375	7,960	1,639,725
Excess of revenues over expenditures	28,617	(1,399,287)	(7,960)	(1,378,630)
<u>OTHER FINANCING SOURCES AND USES</u>				
Proceeds from bond issuance	\$ -	\$ 1,339,000	\$ 50,000	\$ 1,389,000
Total other financing sources and uses	-	1,339,000	50,000	1,389,000
Net change in fund balances	28,617	(60,287)	42,040	10,370
Fund balances, beginning of year	25,098	113,697	-	138,795
Fund balances, end of year	\$ 53,715	\$ 53,410	\$ 42,040	\$ 149,165

The accompanying notes and independent auditor's report
should be read with these financial statements.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net change in fund balances	\$	10,370
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (such as bonds, leases, and developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond principal payments	1,245,000	
Early redemption premium on Series 2019 bonds	37,200	
Amortization of deferred balance on cost of refunding of bonds	(1,647)	
Proceeds from bond issuance	(1,389,000)	

Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest on bonds payable	288	
Change in accrued interest on developer advances	(37,383)	

Change in net position	\$	(135,172)
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The accompanying notes and independent auditor's report
should be read with these financial statements.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance
<u>REVENUES</u>			
Property taxes	\$ 32,243	\$ 32,279	\$ 36
Specific ownership taxes	2,257	3,091	834
Investment income	-	3	3
Operations and maintenance fees	87,360	82,634	(4,726)
Total revenues	121,860	118,007	(3,853)
<u>EXPENDITURES</u>			
Bank charges	100	-	100
Contingency	10,000	-	10,000
County Treasurer fees	484	484	-
Dues and subscriptions	500	395	105
Election	10,000	1,613	8,387
Insurance	3,000	5,778	(2,778)
Landscaping	7,770	16,491	(8,721)
Management fees	36,000	30,446	5,554
Miscellaneous	3,500	-	3,500
Office and supplies	800	467	333
Professional fees	20,000	23,302	(3,302)
Repairs and maintenance	9,000	6,065	2,935
Stormwater fees	2,000	1,006	994
Utilities	15,000	3,343	11,657
Total expenditures	118,154	89,390	28,764
Net change in fund balance	\$ 3,706	28,617	\$ 24,911
Fund balance, beginning of year		25,098	
Fund balance, end of year		\$ 53,715	

The accompanying notes and independent auditor's report
should be read with these financial statements.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. DEFINITION OF REPORTING ENTITY

Tuscan Foothills Village Metropolitan District ("District") is a quasi-municipal corporation and political subdivision of the State of Colorado organized to develop and provide certain services to the residents of the District. The District was formed by order of the District Court for the County of El Paso, Colorado, on October 31, 2016. The District was organized to plan, design, acquire, construct, install, relocate, redevelop, and finance public improvements.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

Measurement focus, basis of accounting, and financial statement position

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.

See independent auditor's report.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectable 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. 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* accounts for all financial resources of the District except those required to be accounted for in another fund.

The *debt service fund* accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used for repayment of debt.

The *capital projects fund* accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with state budget law, the District 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, fund balance remaining, and other financing uses level, and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2025.

Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, 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 balance.

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 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

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

See independent auditor's report.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

Capital assets which are anticipated to be conveyed to other governmental entities are not depreciated or included in the calculation of net investment in capital assets component of the District's net position.

Deferred balance on cost of refunding of bonds

In the government-wide financial statements, the deferred balance on current refunding of bonds is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred outflow of resources

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

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund balances

The District reports interfund balances that are representative of lending and borrowing arrangements between funds in the fund financial statements as due to other funds and due from other funds, respectively. The interfund balances have been eliminated in the government-wide statements.

Net position and fund balances

Net position

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

See independent auditor's report.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

Fund balances

Fund balances for governmental funds are 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. 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:

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

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

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

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

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Use of estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor's report, the date these financial statements were available to be issued.

New accounting pronouncements

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

See independent auditor's report.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

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	\$ 54,047
Cash and investments - restricted	<u>100,688</u>
	<u>\$ 154,735</u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2025, are as follows:

Deposits with financial institutions	\$ 153,456
Investments	<u>1,279</u>
	<u>\$ 154,735</u>

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. The 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 102% of the aggregate uninsured deposits.

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

As of December 31, 2025, the District's cash deposits had a bank balance of \$153,456 and a carrying balance of \$153,456.

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

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

See independent auditor's report.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

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

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Maturity	Amount
Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 1,279

COLOTRUST

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

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund in which each share is equal in value to \$1, offer daily liquidity. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of US government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable net asset value ("NAV") local government investment pool, offers weekly liquidity and is managed to approximate a \$10 transactional share price. COLOTRUST EDGE may invest in US Treasury securities, repurchase agreement collateralized by US Treasury securities, certain obligations of US government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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

See independent auditor's report.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is as follows:

	Balance 01-01-25	Additions	Dispositions	Reclassifications	Balance 12-31-25
<u>Governmental activities</u>					
Capital assets, not depreciable					
Detention pond	\$ 82,874	\$ -	\$ -	\$ -	\$ 82,874
Land	7,961	-	-	-	7,961
Capital assets, not depreciable	<u>\$ 90,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,835</u>

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2025:

	Balance 01-01-25	Additions	Repayments / Amortization	Balance 12-31-25	Due Within One Year
<u>Governmental activities</u>					
Bonds and Loan Payable:					
Series 2019 Bonds	\$ 1,240,000	\$ -	\$ (1,240,000)	\$ -	\$ -
Series 2025 Loan	-	1,389,000	(5,000)	1,384,000	18,000
Total bonds payable	<u>1,240,000</u>	<u>1,389,000</u>	<u>(1,245,000)</u>	<u>1,384,000</u>	<u>18,000</u>
Other long-term obligations:					
Developer advances					
- operations	281,185	-	-	281,185	-
Developer advances					
- capital	293,933	-	-	293,933	-
Accrued interest on					
developer advance					
- operations	58,783	18,277	-	77,060	-
Accrued interest on					
developer advance					
- capital	110,183	19,106	-	129,289	-
Total other long-term	<u>744,084</u>	<u>37,383</u>	<u>-</u>	<u>781,467</u>	<u>-</u>
Total long-term obligations	<u>\$ 1,984,084</u>	<u>\$ 1,426,383</u>	<u>\$ (1,245,000)</u>	<u>\$ 2,165,467</u>	<u>\$ 18,000</u>

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TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

Series 2019 Limited Tax General Obligation Convertible Capital Appreciation Bonds

On November 11, 2019, the District issued Series 2019 Limited Tax General Obligation Convertible Capital Appreciation Bonds ("Series 2019 Bonds") for the purpose of paying or reimbursing the costs of public improvements and paying the costs of issuance associated with the Series 2019 Bonds. The Series 2019 Bonds were issued in the par amount of \$1,097,140 with a maturity value on the conversion date to current interest bonds of \$1,240,000; bear interest of 6.25%, payable on each June 1 and December 1; and mature on December 1, 2049. Annual principal payments were due on December 1 of each year beginning December 1, 2028.

The District was required to maintain a surplus cash account up to a maximum of \$109,714.

On and after conversion to current interest bonds, (a) to the extent principal of any Series 2019 Bond is not paid when due, such principal will remain outstanding until the earlier of (i) December 1, 2058 ("Termination Date") or (ii) payment thereof, and shall continue to bear interest at the rate then borne by the Series 2019 Bonds; and (b) to the extent interest on any Series 2019 Bond is not paid when due, such unpaid interest will compound semiannually on each June 1 and December 1 at the rate borne by the Series 2019 Bond until the earlier of (i) the Termination Date or (ii) payment thereof.

The District was not obligated to pay more than the amount permitted by law, the service plan, and its electoral authorization in repayment of the Series 2019 Bonds. All of the Series 2019 Bonds and interest thereon will be deemed to be paid, satisfied, and discharged on the Termination Date, regardless of the amount of principal and interest paid prior to the Termination Date; provided however, that, to the extent the principal of and interest on the Series 2019 Bonds remains outstanding, the District will not be relieved of the obligation to impose the required mill levy each year prior to the year in which the Termination Date occurs.

Series 2019 Bonds pledged revenues

The Series 2019 Bonds were secured by and payable from the pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (a) the required mill levy; (b) all specific ownership tax revenues from the required mill levy; and (c) any other legally available monies which the District determines, in its absolute discretion, to credit to the bond fund.

Optional redemption of Series 2019 Bonds

The Series 2019 Bonds were subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium on the principal amount redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024 to November 30, 2025	3.00%
December 1, 2025 to November 30, 2026	2.00%
December 1, 2026 to November 30, 2027	1.00%
December 1, 2027 and thereafter	0.00%

The Series 2019 Bonds were refunded during the year ended December 31, 2025 by the issuance of the Series 2025 Loan and incurred a redemption premium of \$37,200 as part of the refunding.

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TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

Series 2025 Loan

On June 26, 2025, the District issued the Series 2025 Loan for the purpose of: (i) refunding the Series 2019 Bonds; (ii) financing a portion of public improvements; and (iii) paying other costs in connection with the issuance of the Series 2025 Loan. The Series 2025 Loan was issued in the amount of \$1,389,000. The Series 2025 Loan bears interest at 5.35% per annum, increasing to 8.35% if the loan is not paid in full upon the maturity date, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of pledged revenues available on each June 1 and December 1, beginning on December 1, 2025; and matures on December 1, 2035.

On December 2, 2058, no further payments will be due and owed on the loan, regardless of the amount of principal and interest paid prior to that date.

Series 2025 Loan pledged revenues

The Series 2025 Loan is secured by and payable from the pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (a) required mill levy; (b) the portion of the specific ownership tax which is collected as a result of imposition of the required mill levy; and (c) any other legally available monies which the District determines to be treated as pledged revenue. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as they become due and payable and to make up any deficiencies in the reserve fund. The mill levy is adjusted for changes in the ratio of actual value to assessed value of property within the District.

The District may prepay all or any part of the principal of the Loan on June 26, 2032 and any date thereafter, without a redemption premium or prepayment fee.

The District's long-term obligations on the Series 2025 Loan matures as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 18,000	\$ 74,044	\$ 92,044
2027	19,000	73,081	92,081
2028	20,000	72,065	92,065
2029	21,000	70,995	91,995
2030	22,000	69,871	91,871
2031 - 2035	<u>1,284,000</u>	<u>330,470</u>	<u>1,614,470</u>
Total	<u>\$ 1,384,000</u>	<u>\$ 690,526</u>	<u>\$ 2,074,526</u>

Series 2025 Loan events of default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions will constitute an event of default under the indenture:

- (a) The District fails or refuses to impose the required mill levy or to apply the pledged revenue as required by the loan agreement;

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TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(b) The District fails to observe or perform any of the covenants, agreements, or conditions on the part of the District in the loan agreement or the other financing documents, and the District fails to remedy the same within 30 days after the bank has provided the District with notice thereof; provided however, that there shall be no event of default for failure to observe or perform any of the covenants, agreements, or conditions on the part of the District in the loan agreement or the other financing documents which are qualified by the phrase "to the extent permitted by law" or by phrases of similar import, if a court or other tribunal of competent jurisdiction has determined in a final, non-appealable judgment that such covenants, agreements, or conditions are not permitted by law;

(c) Any representation or warranty made by the District in the loan agreement or in any other financing document or any certificate, instrument, financial, or other statement furnished by the District to the bank, proves to have been untrue or incomplete in any material respect when made or deemed made;

(d) Default in the payment of principal of or interest when due on any financial obligation of the District and continuance of such default beyond any grace period;

(e) The pledge of the Pledged Revenue or any other security interest created hereunder fails to be fully enforceable with the priority required hereunder or thereunder;

(f) Any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$50,000 in the aggregate is rendered against the District and the District fails to vacate, bond, stay, contest, pay, or satisfy such judgment or court order for 30 days;

(g) A change occurs in the financial or operating conditions of the District, or the occurrence of any other event that, in the bank's reasonable judgment, will have a materially adverse impact on the ability of the District to generate Pledged Revenue sufficient to satisfy the District's obligations under the loan agreement or its other obligations, and the District fails to cure such condition within the time specified by the bank in a written notice thereof from the bank;

(h) (i) The District shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts; or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the District any case, proceeding, or other action of a nature referred to in (h)(i) hereof and the same shall remain undismissed; or (iii) there shall be commenced against the District any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal, within 30 days from the entry thereof; or (iv) the District shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above;

(i) The loan agreement or any other financing document, or any material provision hereof or thereof, (i) ceases to be valid and binding on the District or is declared null and void, or the validity or enforceability thereof is contested by the District (unless being contested by the District in good faith), or the District denies it has any or further liability under any such document to which it is a party; or (ii) any pledge or security interest created hereunder fails to be fully enforceable with the priority required hereunder or thereunder;

(j) The District's auditor delivers a qualified opinion with respect to the District's status as a going concern;

(k) Any funds or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established hereunder shall become subject to any writ, judgment, warrant, attachment, execution, or similar process;

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TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(I) Any determination, decision, or decree is made by the Commissioner of the Internal Revenue Service or any district director of the Internal Revenue Service, or by any court of competent jurisdiction, that the interest payable on the Series 2025 Loan is includable in the gross income for federal income tax purposes of the bank by virtue of the intentional or reckless failure or refusal by the District to take actions or refrain from taking actions as required by the Section hereof entitled "Tax Covenants", which failure or refusal results in interest payable on the Note becoming includable in the gross income of the Bank pursuant to Section 103(b) of the Internal Revenue Code, and the rules and regulations promulgated thereunder, if and so long as such determination, decision, or decree is not being appealed or otherwise contested in good faith by the District. For the avoidance of doubt, in accordance with the District's service plan, failure to pay debt service on this Loan when due shall not of itself constitute an event of default hereunder or result in the exercise of remedies.

Upon the occurrence and during the continuance of any event of default, the bank at its option, may exercise any and all remedies available at law or in equity; provided however, that notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an event of default.

Debt authorization

On November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$36,000,000 at an interest rate not to exceed 18% per annum. As of December 31, 2025, the District had authorized but unissued electoral indebtedness of \$33,513,859.

As set forth in the District's Amended Service Plan, the County has limited the amount of debt to be issued by the District to a total of \$2,000,000 without further approval by the County. The District may levy up to 55.000 mills, as adjusted, for the combined debt service and general operations and administrative expenses due to the ongoing operations and maintenance to be undertaken by the District. As of December 31, 2025, the District had authorized but unissued service plan indebtedness of \$611,000. The District's Amended Service Plan limits the imposition of the Debt Service mill levy to 40 years after the year of the initial imposition of such mill levy; accordingly, the Debt Service mill levy may not be imposed after 2059 unless a majority of the Board of Directors consists of residents of the District and the Board has voted in favor of issuing Debt with a term requiring imposition beyond such period.

Subsequent Mill Levy Adjustment

In December 2025, the District certified a debt service mill levy of 41.274 mills for collection in 2026. This mill levy was the rate previously required to service the Series 2019 Bonds, which were refunded by the Series 2025 Loan in June 2025. The Series 2025 Loan requires the District to impose a required mill levy in an amount sufficient to pay annual debt service on the Series 2025 Loan; the 2026 debt service requirement is approximately \$92,044. The 41.274 mill levy is estimated to generate approximately \$143,186 in 2026 property tax revenues, which exceeds the 2026 debt service requirement by approximately \$51,142. Subsequent to December 31, 2025, the Board of Directors of the District approved a motion that captures the Board of Directors' intention to consider a temporary reduction of the debt mill levy with the 2026 mill levy certification for collection in 2027 by approximately \$51,241. Because the District's mill levy for December 31, 2025 and the estimated debt service tax revenue for the 2026 tax year remains unchanged, the property taxes receivable and the deferred property taxes reported on the financial statements as of and for the year ended December 31, 2025 reflect the original levy.

See independent auditor's report.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

Developer advances

Funding and reimbursement agreement (operations and maintenance)

On January 30, 2017, and as amended November 6, 2017, November 16, 2021, and November 28, 2022, the District entered into a funding and reimbursement agreement with TFV1, LLC ("Developer"). Under this agreement, the Developer agreed to advance funds to the District over four years not to exceed the aggregate of \$50,000 per annum, up to \$200,000 through December 31, 2023. The District agreed to repay the developer for such advances and prior costs incurred by the Developer plus accrued interest at the rate of 6.5% per annum beginning on the date of the advance to the date of repayment. On January 30, 2047, the funding and reimbursement agreement will be deemed to be forgiven and discharged regardless of the amount of principal and interest paid prior to that date. As of December 31, 2025, outstanding developer advances under the agreement totaled \$281,185 and accrued interest totaled \$77,060.

Infrastructure acquisition and reimbursement agreement

On January 30, 2017, and as amended November 6, 2017, the District entered into an infrastructure and reimbursement agreement with TFV1, LLC ("Developer"). Under this agreement, the Developer agreed to advance funds to the District for the construction of public improvements. The District agreed to repay the developer for such advances, public improvements constructed by the Developer, and prior costs incurred by the Developer for public improvements plus accrued interest at the rate of 6.5% per annum beginning on the date of the advance to the date of repayment. As of December 31, 2025, outstanding developer advances under the agreement totaled \$293,933 and accrued interest totaled \$129,289.

Infrastructure acquisition and reimbursement agreement with Tuscan Bench Development, LLC

On November 4, 2019, the District entered into an infrastructure and reimbursement agreement with Tuscan Bench Development, LLC ("Tuscan Bench"). Under this agreement, Tuscan Bench agreed to advance funds to the District for the construction of public improvements. The District agreed to repay Tuscan Bench for such advances, public improvements constructed by Tuscan Bench, and prior costs incurred by Tuscan Bench for public improvements plus accrued interest at the rate of 6.5% per annum beginning on the date of the advance to the date of repayment. As of December 31, 2025, there were no outstanding advances under the agreement.

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TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

6. NET POSITION

The District has net position consisting of: net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2025, the District had net investment in capital assets as follows:

Net investment in capital assets:

Capital assets	\$ 90,835
Related long-term obligations	<u>(77,388)</u>

Net investment in capital assets	<u>\$ 13,447</u>
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Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2025 as follows:

Restricted net position:

Debt service (Note 5)	\$ 47,240
Emergency reserve (Note 12)	<u>2,700</u>

	<u>\$ 49,940</u>
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The District has a deficit in unrestricted net position as of December 31, 2025. This deficit is the result of the District being responsible for the repayment of bonds issued for public improvements, of which a significant portion were conveyed to other governmental entities and which costs were removed from the District's financial records.

7. OPERATIONS FEE

On October 18, 2023, pursuant to 32-1-1001(1)(j)(I), the District approved a resolution for the imposition of an operations fee on residents within the District's boundaries effective January 1, 2024. The operation fee is imposed at a rate of \$70.00 per home per month and as a \$100 payment due upon the transfer of a home. These fees are required to be recorded separately from other revenues and these fees are to be used for the landscape maintenance, snow removal, upkeep, repair, replacement, improvement, reconstruction, operation and maintenance of public improvements within the District, as necessary, inclusive of the costs of utilities and capital replacement costs.

8. STORMWATER MAINTENANCE AGREEMENT WITH THE CITY OF COLORADO SPRINGS

On October 21, 2021, the District entered into a stormwater maintenance agreement with the City of Colorado Springs in which the District agreed to maintain an extended detention basin within the District's boundaries.

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TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

9. IRRIGATION REIMBURSEMENT AGREEMENT

On March 19, 2024, the District entered into a irrigation services reimbursement agreement with Tuscan Foothills Village Paired Homes Owners Association, Inc. ("Association") in which the District agreed to reimburse the Association for 40% of water costs incurred by the Association on a biannual basis.

10. RELATED PARTIES

The developers of the property within the District are TFV1, LLC and Tuscan Bench Development, LLC. The members of the board of directors are officers, employees, or associated with the developers and may have conflicts of interest in dealing with the District.

11. RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool ("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, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

12. TAX, SPENDING, AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. On November 8, 2016, the District's voters approved a ballot issue allowing the District to retain all revenues.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

District management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

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

See independent auditor's report.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

Annual operating revenue is limited to a 5.25% increase, such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues. The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation. See Note 5 for a description of a subsequent event related to the District's 2025 mill levy certification.

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT
DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE (BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES</u>				
Property taxes	\$ 127,792	\$ 127,936	\$ 127,934	\$ (2)
Specific ownership taxes	8,945	12,249	12,249	-
Investment income	-	2,905	2,905	-
Total revenues	136,737	143,090	143,088	(2)
<u>EXPENDITURES</u>				
Bank charges	200	129	129	-
County Treasurer fees	1,917	1,919	1,919	-
Bond issuance costs	-	178,000	178,000	-
Bond principal payments	-	1,245,000	1,245,000	-
Bond interest payments	77,500	76,127	76,127	-
Trustee fees	4,000	4,000	4,000	-
Early redemption premium on Series 2019 bonds	-	37,200	37,200	-
Total expenditures	83,617	1,542,375	1,542,375	-
Excess of revenues over expenditures	53,120	(1,399,285)	(1,399,287)	(2)
<u>OTHER FINANCING SOURCES AND USES</u>				
Proceeds from bond issuance	-	1,389,000	1,339,000	(50,000)
Total other financing sources and uses	-	1,389,000	1,339,000	(50,000)
Net change in fund balance	<u>\$ 53,120</u>	<u>\$ (10,285)</u>	(60,287)	<u>\$ (50,002)</u>
Fund balance, beginning of year			113,697	
Fund balance, end of year			<u>\$ 53,410</u>	

The accompanying notes and independent auditor's report
should be read with these financial statements.

TUSCAN FOOTHILLS VILLAGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE (BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance
<u>EXPENDITURES</u>				
Landscaping	-	8,956	7,400	1,556
Repairs and maintenance	-	-	560	(560)
Total expenditures	-	8,956	7,960	996
Excess of revenues over expenditures	-	(8,956)	(7,960)	996
<u>OTHER FINANCING SOURCES AND USES</u>				
Proceeds from bond issuance	-	50,000	50,000	-
Total other financing sources and uses	-	50,000	50,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 41,044</u>	42,040	<u>\$ 996</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ 42,040</u>	

The accompanying notes and independent auditor's report
should be read with these financial statements.