RAINDANCE METROPOLITAN DISTRICT NO. 1s
Weld County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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YEAR ENDED DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Raindance Metropolitan District No. 1
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Raindance 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, business-type activities, and each major fund of the District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 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.

Emphasis of a Matter

As discussed in Note 3 to the financial statements, in 2025, the County restated prior year financial statements due to corrections of errors. Our opinions are not modified with respect to this matter.

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.

Required Supplementary Information

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

We have applied certain limited procedures to the budgetary comparison schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, including continuing disclosure annual financial information, included in the report. The other information comprises the continuing disclosure annual financial information but 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 any form of assurance thereon.

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

DMC Auditing and Consulting, LLC

Bailey, Colorado
August 2, 2026

BASIC FINANCIAL STATEMENTS

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	$ 10,079,499	$ 3,279,456	$ 13,358,955
Cash and Investments - Restricted	188,500	105,019	293,519
Receivables	-	1,043,139	1,043,139
Due from District No. 2	19,531	-	19,531
Due from District No. 3	12,582	-	12,582
Due from NRMD	646,208	-	646,208
Due from Other Funds	1,329,975	212,209	1,542,184
Due from Other Governments	252,446	-	252,446
Prepaid Expenses	94,770	-	94,770
Property Tax Receivable	1,925,376	-	1,925,376
Capital Assets:			
Capital Assets, not being depreciated	-	26,873,121	26,873,121
Capital Assets, being depreciated, net	11,491,929	5,598,090	17,090,019
Total Assets	26,040,816	37,111,034	63,151,850
Liabilities			
Accounts Payables	75,458	1,037,337	1,112,795
Prepaid Assessments	-	28,633	28,633
Due to PTMD	1,195,239	-	1,195,239
Due to Others	-	227,127	227,127
Due to Other Funds	212,245	1,329,939	1,542,184
Accrued Interest Payable	912	105,019	105,931
Noncurrent Liabilities:			
Due Within One Year	35,744	35,000	70,744
Due in More Than One Year	14,788,178	25,533,877	40,322,055
Total Liabilities	16,307,776	28,296,932	44,604,708
Deferred Inflows of Resources			
Property Tax Revenue	1,925,376	-	1,925,376
Net Position			
Net Investment in Capital Assets	(3,331,993)	6,902,334	3,570,341
Restricted for:			
Emergency Reserves	188,500	-	188,500
Unrestricted	10,951,157	1,911,768	12,862,925
Total Net Position	$ 7,807,664	$ 8,814,102	$ 16,621,766

See accompanying Notes to Basic Financial Statements

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenue			Net Revenues (Expenses) and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary Government							
Government Activities							
General Government	$ 4,349,805	$ 1,247,437	$ 1,244,096	$ -	$ (1,858,272)	-	$ (1,858,272)
Capital Asset Conveyance to Other Governments	-	-	-	-	-	-	-
Interest and Related Costs on Long-Term Debt	856,244	-	-	-	(856,244)	-	(856,244)
Total Governmental Activities	5,206,049	1,247,437	1,244,096	-	(2,714,516)	-	(2,714,516)
Business-Type Activities							
Non-potable Water	3,067,627	1,001,287	-	948,012	-	(1,118,328)	(1,118,328)
Total Business-Type Activities	3,067,627	1,001,287	-	948,012	-	(1,118,328)	(1,118,328)
Total Primary Government	$ 8,273,676	$ 2,248,724	$ 1,244,096	$ 948,012	$ (2,714,516)	$ (1,118,328)	(3,832,844)
General Revenues							
Property Taxes					3,181,100	-	3,181,100
Specific Ownership Taxes					128,871	-	128,871
Interest on Late Tax Payments					1,723	-	1,723
Net Investment Income					217,527	127,036	344,563
Other Revenue					303,245	-	303,245
Total General Revenues					3,832,466	127,036	3,959,502
Change in Net Position					1,117,950	(991,292)	126,658
Net Position, Beginning of Year, as Originally Stated					43,197,929	8,591,328	51,789,257
Restatement, Correction of Error					(36,508,215)	1,214,066	(35,294,149)
Net Position, Beginning of Year, as Restated					6,689,714	9,805,394	16,495,108
Net Position - End of Year					$ 7,807,664	$ 8,814,102	$ 16,621,766

See accompanying Notes to Basic Financial Statements

RAINDANCE METROPOLITAN DISTRICT No. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Capital Projects	Total Governmental Funds
Assets			
Cash and Investments	$ 7,102,695	$ 2,976,804	$ 10,079,499
Cash and Investments - Restricted	188,500	-	188,500
Due from District No. 2	19,531	-	19,531
Due from District No. 3	12,582	-	12,582
Due from District No. 4	560,739	85,469	646,208
Due from Other Funds	1,287,772	42,203	1,329,975
Due from PTMD	252,446	-	252,446
Prepaid Expenditures	94,770	-	94,770
Property Tax Receivable	1,925,376	-	1,925,376
Total Assets	$ 11,444,411	$ 3,104,476	$ 14,548,887
Liabilities, Deferred Inflows of Resourses and Fund Balances			
Liabilities			
Accounts Payable	$ 75,458	$ -	$ 75,458
Due to PTMD	1,195,239	-	1,195,239
Due to Other Funds	212,245	-	212,245
Total Liabilities	1,482,942	-	1,482,942
Deferred Inflows of Resources			
Deferred Property Tax	1,925,376	-	1,925,376
Fund Balances			
Nonspendable			
Prepaid Expenditures	94,770	-	94,770
Restricted for:			
Emergency Reserves	188,500	-	188,500
Assigned to:			
Capital Projects	-	3,104,476	3,104,476
Unassigned	7,752,823	-	7,752,823
Total Fund Balances	8,036,093	3,104,476	11,140,569
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 11,444,411	$ 3,104,476	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governemental activities are not financial resources; and therefore are not reported in the fund financial statements.	
Capital Assets, being depreciated, net	11,491,929
Long-term liabilities, including bonds payables, are not due and payables in the current periods and; therefore, are not recorded as liabilities in the funds.	
Accrued Interest Payable	(912)
Financed Purchase Payable	(24,933)
Lease Payable	(1,514,488)
Developer Advance and Accrued Interest Payable	(13,284,501)
Net Position of Governmental Activities	$ 7,807,664

See accompanying Notes to Basic Financial Statements

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Capital Projects	Total Governmental Funds
Revenues			
Property Taxes	$ 3,181,100	$ -	$ 3,181,100
Specific Ownership Taxes	128,871	-	128,871
Interest on Late Tax Payments	1,723	-	1,723
Net Investment Income	217,527	-	217,527
Other Income	4,151	42,168	46,319
Recreation Fees (Pool & W-Club	1,247,437	-	1,247,437
Pledged Revenue From District No. 2	601,318	-	601,318
Pledged Revenue From District No. 3	637,684	-	637,684
River Resort Cost Share IGA	256,926	-	256,926
Contributions from Other Government	5,094	-	5,094
Total Revenues	6,281,831	42,168	6,323,999
Expenditures			
General & Administrative			
Accounting	124,406	-	124,406
Auditing	105,092	-	105,092
Bad Debt Expense	163,641	-	163,641
County Treasurer's Fee	47,742	-	47,742
Dues and Memberships	5,188	-	5,188
Insurance	59,830	-	59,830
Legal	52,242	-	52,242
Management Fee	37,800	-	37,800
Office Overhead	60,000	-	60,000
Operation Supplies	5,335	-	5,335
Staffing	445,579	-	445,579
Operations and Maintenance			
Cost Share - W-Club	1,195,239	-	1,195,239
Dog Waste Stations	5,438	-	5,438
Dues, Education, and Certifications	1,052	-	1,052
Equiment Acquisition	68,790	-	68,790
Landscaping - Irrigation Repair and Maintenance	77,269	-	77,269
Landscaping - Orchard Trees and Operation	50,116	-	50,116
Landscaping - Softscape Contract	320,763	-	320,763
Landscaping - Special Projects and Mowing	51,217	-	51,217
Miscellaneous	2,197	-	2,197
Parks & Playgrounds	20,764	-	20,764
Projects - Capital	42,667	-	42,667
Raindance Farms	59,405	-	59,405
Rent	30,453	-	30,453
Repairs and Maintenance	101,099	-	101,099
Security	66,157	-	66,157
Small Tools and Supplies	4,638	-	4,638
Snow Removal	24,226	-	24,226
Utilities	29,486	-	29,486
Water Usage - District Irrigation	166,935	-	166,935

See accompanying Notes to Basic Financial Statements

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	General	Capital Projects	Total Governmental Funds
Expenditures (Continued)			
Pool and Clubhouse			
Pool Management Fees	$ 319,300	$ -	$ 319,300
Pool Insurance	29,156	-	29,156
Pool Supplies	27,646	-	27,646
Pool Water Usage	19,435	-	19,435
Pool Gas and Electricity	37,647	-	37,647
Pool Telephone Services	831	-	831
Pool Internet	3,870	-	3,870
Pool Trash and Recycle	4,449	-	4,449
Pool Repair and Maintenance	53,987	-	53,987
Pool Cleaning Services	15,954	-	15,954
Pool Miscellaneous	622	-	622
Debt Service			
Lease Expense - Parking Lot	5,094	-	5,094
Lease Expense - Property (Maint. Bldg)	31,200	-	31,200
Lease Expense - Vehicle	14,153	-	14,153
Total Expenditures	3,988,110	-	3,988,110
Excess of Revenues Over (Under) Expenditures	2,293,721	42,168	2,335,889
Other Financing Sources (Uses)			
Transfer In (Out)	(2,400,000)	2,400,000	-
Net Change in Fund Balances	(106,279)	2,442,168	2,335,889
Fund Balances, Beginning of Year, *as Originally Stated*	8,142,372	662,308	8,804,680
Fund Balances - End of Year	$ 8,036,093	$ 3,104,476	$ 11,140,569

See accompanying Notes to Basic Financial Statements

RAINDANCE METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	2,335,889
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation and amortization the allocation of the cost of any depreciable asset over the estimated useful life of the asset or lease term.	
Capital Outlay	122,001
Depreciation Expense - Current Year	(447,474)
Amortization Expense - Current Year	(36,222)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Lease Increase	(46,522)
Financed Purchase	10,962
Lease Principal Payment	21,877
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Developer Advances - Change in Liability	(842,561)
Changes in Net Position of Governmental Activities	1,117,950

See accompanying Notes to Basic Financial Statements

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund - Non-Potable Water
Assets	
Cash and Investments - Unrestricted	$ 3,279,456
Cash and Investments - Restricted	105,019
Accounts Receivable	1,043,139
Due from Other Funds	212,209
Noncurrent Assets:	
Capital Assets, not being depreciated or amortized	26,873,121
Capital Assets, being depreciated or amortized, net	5,598,090
Total Assets	37,111,034
Liabilities	
Accounts Payable	1,037,337
Prepaid Assessments	28,633
Due to Poudre Tech Metropolitan District	227,127
Due to Other Funds	1,329,939
Accrued Bond Interest	105,019
Noncurrent Liabilities:	
Due Within One Year	35,000
Due in More Than One Year	25,533,877
Total Liabilities	28,296,932
Net Position	
Net Investment in Capital Assets	6,902,334
Restricted	-
Unrestricted	1,911,768
Total Net Position	$ 8,814,102

See accompanying Notes to Basic Financial Statements

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund - Non-Potable Water
Operating Revenues	
Water Service Fees	$ 1,000,273
Miscellaneous Income	1,014
Total Revenues	1,001,287
Operating Expenses	
General & Administrative	
Administration - Billing	136,503
Legal Services, Consulting and Studies	54,432
Miscellaneous	47,736
Equipment	29,167
Water System Manager and Field Staff	203,952
Scada	11,258
Repairs and Maintenance	148,818
Electricity and Gas	220,897
Utility Locates	99,069
Lease Interest Expense	77,029
Paying Agent Fees	2,975
Depreciation/Amoprtization Expense	465,341
Total Operating Expenses	1,497,177
Net Operating Income (Loss)	(495,890)
Nonoperating Revenues and Expenses	
Interest Income	127,036
Bank Fees	(6,847)
Transfer to PTMD - 2023 Loan IGA	(302,003)
Bond Interest - Series 2020	(1,261,600)
Total Nonoperating Revenues and Expenses	(1,443,414)
Capital Revenues	
Capital Fees	746,544
Water Meter Fees	138,000
Transfer from PTMD - Reservoir	63,468
Total Capital Revenues	948,012
Change in Net Position	(991,292)
Net Position - Beginning of Year, as Orginally Stated	8,591,328
Net Position - Restatement	1,214,066
Net Position - Beginning of Year, as Restated	9,805,394
Net Position - End of Year	$ 8,814,102

See accompanying Notes to Basic Financial Statements

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund - Non-Potable Water
Cash Flows from Operating Activities	
Cash Received from User Charges	$ 682,676
Cash Payments to Suppliers	(901,483)
Net Cash Provided (Used) by Operating Activities	(218,807)
Cash Flows from Noncapital Financing Activities	
Paying Agent Fees	-
Transfer to PTMD - 2023 Loan	(302,003)
Due to Other Funds	(421,016)
Due to Poudre Tech Metro District	144,313
Due from Other Funds	(212,209)
Accrued Interest Payable	(125)
Net Cash Used by Noncapital Financing Activities	(791,040)
Cash Flows from Capital and Related Financing Activities	
Capital Fees	746,544
Water Meter Fees	138,000
Transfer from PTMD - Reservoir	63,468
Bond Principal - Series 2020	(30,000)
Bond Interest - Series 2020	(1,261,600)
Increase in Property Lease Payable	45,829
Capital Outlay, net of AP	(185,606)
Net Cash Provided by Capital and Related Financing Activities	(483,365)
Cash Flows from Investing Activities	
Investment Income	120,189
Net Decrease in Cash and Investments	(1,373,023)
Cash and Cash Equivalents - Beginning of Year	4,757,498
Cash and Cash Equivalents - End of Year	$ 3,384,475
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Net Operating Loss	(495,890)
Depreciation/amortization	465,341
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
(Increase) Decrease in Accounts Receivable	(318,611)
Increase (Decrease) in Prepaid Assessments	11,074
Increase (Decrease) in Accounts Payable	119,279
Net Cash Used by Operating Activities	$ (218,807)

NOTE 1 DEFINITION OF REPORTING ENTITY

Raindance Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Weld County, Colorado, on June 12, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, operations, and maintenance of the public improvements within the District including streets, parks and recreation, water and wastewater facilities, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security. The District was organized in conjunction with three other related special districts – RainDance Metropolitan District No. 2 and District No. 3 (District No. 2 and District No. 3), and National Resort Metropolitan District (NRMD) (formally known as RainDance Metropolitan District No. 4). The District serves as the Operating District which is responsible for coordinating the financing, construction, and maintenance of certain public improvements and other services needed for District No. 2, District No. 3 and NRMD (collectively, the Districts) (Financing Districts), which are responsible for providing the tax base needed to support financing of public improvements.

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

The District 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 operations and administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which are normally supported by property taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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 government 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 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 Capital Projects Fund is used to account for the financial resources to be used for the acquisition and construction of capital equipment and facilities.

The District reports the following major proprietary fund:

The Enterprise Fund accounts for construction, operation, and maintenance of facilities and water rights associated with providing non-potable water services that are operated in a manner where the intent of the District is that the costs of providing such services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for services, provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and 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 has amended its Enterprise Fund's annual budget for the year ended December 31, 2025.

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.

The District considers cash on hand and deposits held in financial institutions to be cash and cash equivalents.

Receivables

Receivables are reported net of allowance for uncollectible accounts, where applicable.

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds.

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 always 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, sale 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 revenue is recorded as revenue in the year they are available or collected.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include construction in progress, land improvements, infrastructure, furniture and equipment, water meters, and water rights, are reported in the government-wide and business-type financial statements. Capital assets are defined by the District as assets with an initial, individual costs of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and Infrastructure	30 Years
Land Improvements	15 Years
Furniture and Equipment	5 to 20 Years
Water Meters	15 Years

Water Rights

The cost of water rights includes acquisition cost and may also include legal and engineering costs related to the development and augmentation of those rights. Since the rights have perpetual lives, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Deferred Inflows of Resources

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

Equity

Net Position

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

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

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

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

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

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

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

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

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

NOTE 3 CORRECTION OF ERROR (RESTATEMENT)

During fiscal year 2025, error corrections resulted in adjustment to and restatements of beginning net position and fund balance as follows:

	Reporting Units Affected by Adjustments to a Restatement of Beginning Balances			
	Funds		Government-Wide	
	General Fund	Enterprise Fund	Governmental Activities	Business-Type Activities
December 31, 2024, as previously reported	$ 8,142,372	$ 8,591,328	$ 43,197,929	$ 8,591,328
Error Correction, CIP Reclass	-	2,023,443	(2,023,443)	2,023,443
Error Correction, Capital Assets, not being depreciated	-	(809,377)	(201,444)	(809,377)
Error Correction, Conveyance of Assets	-	-	(34,283,328)	-
December 31, 2024, as restated	$ 8,142,372	$ 9,805,394	$ 6,689,714	$ 9,805,394

The following items required a restatement of beginning balances:

- $2,023,443 of capital expenditure related to business-type activities were incorrectly reported in governmental activities in prior years
- $201,444 in depreciation expense related to governmental-activities was not recorded in prior years.
- $809,377 in depreciation expense related to business-type activities was not recorded in prior years.
- $34,283,328 in assets were conveyed to other entities in prior years.

NOTE 4 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	$ 13,358,955
Cash and Investments - Restricted	293,519
Total Cash and Investments	$ 13,652,474

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

Deposits with Financial Institutions	$ 13,652,474

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 deposits had a bank balance of $13,883,565 and a carrying balance of $13,652,474.

NOTE 4 CASH AND INVESTMENTS

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

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

Restricted Cash and Investments

Cash and investments of the District include amounts that are restricted. At December 31, 2025, the governmental Activities had cash deposits in the amount of $188,500 which is restricted for Emergency reserves. The Business-Type Activities had cash deposits in the amount of $105,019, which is restricted for the payment of debt service and other purposes as provided in the related loan documents of the 2020 Enterprise Bond Loan agreement. Restricted Cash and Investments are not available for general operations of the District.

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

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

At December 31, 2025, the District had no investments:

NOTE 5 ACCOUNTS RECEIVABLE

The District has the following accounts receivable for Governmental Activities and Business-Type Activities as of December 31, 2025:

	Governmental Activities	Business-Type Activities
Accounts Receivable::		
Non-Potable Water Usage	$ -	$ 1,043,139

NOTE 6 INTERFUND BALANACES AND TRANSFERS

At December 31, 2025, the General Fund temporarily subsidized $1,287,772 on behalf of the Enterprise Fund to open a Certificate of Deposit which the District anticipates repaying upon closure of the account. The Enterprise Fund temporarily subsidized the General Fund in the amount of $212,245. The Capital Projects Fund temporarily subsidized the Enterprise Fund in the amount of $42,203, both of which were repaid shortly after year end.

The General Fund transferred $2,400,000 to the Capital Projects for construction of capital equipment and facilities.

NOTE 7 CAPITAL ASSETS

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

	Balance at December 31, 2024, *As Restated*	Additions	Reductions/ Reclassificiations	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 2,720,725	$ -	$ 2,720,725	$ -
Total Capital Assets, Not Being Depreciated	2,720,725	-	2,720,725	-
Capital Assets, Being Depreciated:				
Building and Infrastructure	8,440,810	2,281,335	-	10,722,145
Furniture and Equipment	374,643	60,584	-	435,227
Land Improvements	-	500,808	-	500,808
Right to Use Lease Asset - Parking Lot	176,049	-	-	176,049
Right to Use Lease Asset - Property (Maint. Bldg)	1,090,621	-	-	1,090,621
Right to Use Lease Asset - Office Space	77,238	-	-	77,238
Financed Purchase - Vehicle	50,048			50,048
Total Capital Assets, Being Depreciated/Amortized	10,209,409	2,842,727	-	13,052,136
Less Accumulated Depreciation for:				
Building and Infrastructure	(900,380)	(356,780)	-	(1,257,160)
Furniture and Equipment	(93,571)	(45,980)	-	(139,551)
Land Improvements	-	(32,202)		(32,202)
ROU Lease Asset - Parking Lot	(17,605)	(5,868)	-	(23,473)
ROU Lease Asset - Property (Maint. Bldg)	(33,133)	(11,044)	-	(44,177)
ROU Lease Asset - Office Space	(19,310)	(19,310)	-	(38,620)
Financed Purchase - Vehicle	(12,512)	(12,512)		(25,024)
Total Accumulated Depreciation/Amortization	(1,076,511)	(483,696)	-	(1,560,207)
Total Capital Assets, Being Depreciated/Amortized, Net	9,132,898	2,359,031	-	11,491,929
Governmental Capital Assets, Net	$ 11,853,623	$ 2,359,031	$ 2,720,725	$ 11,491,929

NOTE 7 CAPITAL ASSETS (CONTINUED)

	Balance at December 31, 2024	Additions	Reductions/ Reclassificiations	Balance at December 31, 2025
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 10,956,365	$ 33,696	$ -	$ 10,990,061
Water Rights	15,883,060	-	-	15,883,060
Total Capital Assets, Not Being Depreciated	26,839,425	33,696	-	26,873,121
Capital Assets, Being Depreciated:				
Non-Potable Infrastructure	2,023,443	-	-	2,023,443
Land improvements	40,589	-	-	40,589
Equipment	525,428	27,197	-	552,625
Water Meters	4,211,040	124,713	-	4,335,753
Right to use Lease Asset - Property (Pump Station)	1,081,230	-	-	1,081,230
Total Capital Assets, Being Depreciated	7,881,730	151,910	-	8,033,640
				-
Less Accumulated Depreciation for:				-
Non-Potable Infrastructure	(809,377)	(134,896)	-	(944,273)
Land improvements	(9,471)	(2,706)	-	(12,177)
Equipment	(117,905)	(36,089)	-	(153,994)
Water Meters	(999,726)	(280,407)	-	(1,280,133)
ROU Lease Asset - Property (Pump Station)	(33,730)	(11,243)	-	(44,973)
Total Accumulated Depreciation	(1,970,209)	(465,341)	-	(2,435,550)
Total Capital Assets, Being Depreciated, Net	5,911,521	(313,431)	-	5,598,090
Business-Type Capital Assets, Net	32,750,946	(279,735)	-	32,471,211
Total Capital Assets, Net	$ 44,604,569	$ 2,079,296	$ 2,720,725	$ 43,963,140

Depreciation expense recorded under governmental activities was charged to the general government function, and depreciation expense recorded under business-type activities was charged to non-potable water enterprise function in the statement of activities.

NOTE 8 LONG-TERM OBLIGATIONS

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

	Balance at Decmeber 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Governmental Activities					
Developer Advance	$ 8,425,613	$ -	$ -	$ 8,425,613	$ -
Accrued Interest on Developer Advance	4,016,327	842,561	-	4,858,888	-
Lease Payable - Parking Lot	154,996	-	(3,528)	151,468	3,665
Lease Payable - Office Space	60,561	-	(18,349)	42,212	20,143
Lease Payable - Property	1,274,286	46,522	-	1,320,808	-
Financed Purchase - Vehicle	35,895	-	(10,962)	24,933	11,936
Total Governmental Activities	13,967,678	889,083	(32,839)	14,823,922	35,744
Business-Type Activities					
Bonds Payable:					
Non-potable Water Enterprise Revenue Bonds Series 2020A	24,290,000	-	(30,000)	24,260,000	35,000
Subtotal bonds Payable	24,290,000	-	(30,000)	24,260,000	35,000
Other Debts:					
Developer Advance	-	-	-	-	-
Lease Payable - Property	1,263,048	45,829	-	1,308,877	-
Total Business-Type Activities	25,553,048	45,829	(30,000)	25,568,877	-
Total Long-Term Obligations	$ 39,520,726	$ 934,912	$ (62,839)	$ 40,392,799	$ 70,744

Nonpotable Water Enterprise Revenue Bonds, Series 2020 (the Bonds)

The District, acting by and through its Water Activity Enterprise, issued the Bonds on August 6, 2020, in the par amount of $24,315,000.

Proceeds from the Bonds were used to acquire certain water rights and fund and reimburse a portion of the costs of acquiring, constructing, and installing certain non-potable water infrastructure to serve the RainDance Development. A portion of the proceeds of the Bonds were also used to fund: (a) the Reserve Account, (b) a portion of the interest to accrue on the Bonds, and (c) the costs of issuing the Bonds.

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Nonpotable Water Enterprise Revenue Bonds, Series 2020 (the Bonds) (Continued)

Bond Details

The Bonds were issued as two term bonds with the first bearing interest at 5.00% per annum and maturing on December 1, 2040, and the second bearing interest at 5.25% and maturing on December 1, 2050. Interest on the Bonds is payable semiannually on June 1 and December 1, beginning on December 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. To the extent principal of any Bond is not paid when due, such principal will remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest will compound semiannually on each June 1 and December 1, at the rate then borne by the Bond.

Bond Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

Date of Redemption	Redemption Premium
December 1, 2025 to November 30, 2026	3.00%
December 1, 2026 to November 30, 2027	2.00
December 1, 2027 to November 30, 2028	1.00
December 1, 2028 to November 30, 2028	0.00

Sources of Repayment for the Bonds

The District's primary revenue sources for repayment of the Bonds are (i) rates assessed on residential and nonresidential customers of the District, District No. 2, District No. 3, and NRMD based on non-potable water usage within the Districts' Service Area, and (ii) Capital Facilities Fees collected within the boundaries of District No. 2.

The Bonds constitute special limited obligations of the District. The principal and interest on the Bonds is payable solely from "Net Revenue," meaning Gross Revenue after deducting Operations and Maintenance Expenses.

"Gross Revenue" means all income and revenue directly or indirectly derived by the District from the Non-Potable System, or any part thereof, including without limitation, any rates, fees, tap fees, standby charges, availability fees, tolls, and charges for the services furnished by, for the use of, or for the availability of, the Non-Potable System, plus Capital Facilities Fees, but excluding: (a) income from the sale of property, or rights or related contracts, settlements, or judgments held or obtained in connection with the Non-Potable System or its operations; (b) Tap Fees; (c) Transfer Fees; (d) moneys borrowed and used for providing capital improvements; (e) any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations for the purpose of defeasing the same; and (f) any moneys received as grants or appropriations from the United States, the state, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of capital improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys are to be received as payments for the use of the Non-Potable System, services rendered thereby, or the availability of any such service.

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Nonpotable Water Enterprise Revenue Bonds, Series 2020 (the Bonds) (Continued)

Sources of Repayment for the Bonds

"Operation and Maintenance Expenses" means all reasonable and necessary costs and expenses of the District for the operation, maintenance and repair of the Non-Potable System, including without limitation legal and overhead expenses of the District directly related to the administration of the Non-Potable System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries and administrative expenses, labor, the cost of materials and supplies for operations, and the cost of leasing, renting or otherwise procuring water or water resources on a temporary or annual basis, but excluding depreciation and any portion of such costs, legal liabilities not based on contract, expenses incurred in connection with capital improvements, payments due in connection with any bonds or other obligations issued to provide capital improvements, charges for the accumulation of reserves and expenses funded or provided for from Tap Fees.

The Districts impose a one-time fee of $2,500 per single-family detached residential unit and $2,500 per single family attached and multi-family residential unit within their respective boundaries to provide a source of funding to pay for the initial capital direct and indirect costs associated with the construction, installation and acquisition of Public Improvements to serve the Districts. Only the fees imposed within the boundaries of District No. 2 (the Capital Facilities Fee) are pledged to the payment of the Bonds. The Capital Facilities Fees are due and owing upon the issuance of a building permit for any residential or commercial unit on a lot within District No. 2.

Nonpotable Water Rates

The District covenants and agrees in the Bond Resolution to establish, maintain, and enforce a schedule of rates, fees, tolls, and charges for the availability of, services furnished by, or use of the Non-Potable System sufficient to satisfy one of the following two requirements each Fiscal Year:

(i) generate Net Operating Revenue and Capital Facilities Fees in the Fiscal Year Collectively equal to not less than:
   a. an amount equal to 100% of the Annual Debt Service for the Outstanding Bonds and any Parity Lien Bonds in such Fiscal Year, plus
   b. the amount necessary to replenish the Reserve Account to the Reserve Requirement and to replenish any reserve fund for Parity Lien Bonds to the Parity Lien Bonds Reserve Requirement (or to repay any Bond Insurer for draws on a Reserve Policy, as applicable); OR

(ii) generate Net Operating Revenue and Capital Facilities Fees in the Fiscal Year which, together with the portion of Unrestricted Fund Balance as of December 31 of the immediately preceding Fiscal Year representing Capital FAcilites Fees, will equal not less than:
   a. an amount equal to 110% of the Annual Debt Service for the Outstanding Bonds and any Parity Lien Bonds in such Fiscal Year, plus
   b. the amount necessary to replenish the Reserve Account to the Reserve Requirement and to replenish any reserve fund for Parity Lien Bonds to the Parity Lien Bonds Reserve Requirement (or to repay any Bond Insurer for draws on a Reserve Policy, as applicable).

In the event that revenues at any time are not sufficient to result in Net Operating Revenues in the amounts required as described above, the District is to promptly increase such rates, fees, tolls, and charges to the extent required to ensure compliance with the foregoing covenants.

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Nonpotable Water Enterprise Revenue Bonds, Series 2020 (the Bonds) (Continued)

Nonpotable Water Rates

The District further covenants and agrees to establish, maintain, and enforce a schedule of rates, fees, tolls, and charges for the availability of, services furnished by, or use of the Non- Potable System sufficient to maintain a minimum Unrestricted Fund Balance, calculated as of each December 31, commencing December 31, 2022, equal to not less than $1,000,000. In the event that revenues are not sufficient to satisfy such minimum Unrestricted Fund Balance as of any December 31 occurring on or after December 31, 2022, the District is to promptly increase rates, fees, tolls, and charges to the extent required to ensure compliance with the foregoing covenants.

Additional Security for Bonds

The Bonds are also secured by amounts on deposit in the Reserve Account which was funded from proceeds of the Bonds in the amount of the Reserve Requirement of $2,289,792 and by capitalized interest which was funded from proceeds of the Bonds in the amount of $3,079,400. The balances in the Reserve Fund and the Capitalized Interest accounts as of December 31, 2025, are $2,289,792 and $-0-, respectively.

Events on Default

Events of default occur if the District fails to pay principal and interest on the Bonds when due; delays or fails to reconstruct of any part of the System that is destroyed or damaged and is not promptly repaired or replaced when the reconstruction is essential to the efficient operation of the System or the collection of Gross Revenue; and the District doesn't comply with other customary terms and conditions as described in the Bond Resolution.

Bonds Debt Service

The outstanding principal and interest of the Bonds are due as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 35,000	$ 1,260,225	$ 1,295,225
2027	45,000	1,258,475	1,303,475
2028	55,000	1,256,225	1,311,225
2029	60,000	1,253,475	1,313,475
2030	75,000	1,250,475	1,325,475
2031-2035	1,315,00	6,147,125	7,462,125
2036-2040	3,785,000	5,577,625	9,362,625
2041-2045	6,850,000	4,315,500	11,165,500
2046-2050	12,040,000	2,188,987	14,228,987
Total	$24,260,000	$24,508,112	$48,768,112

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Lease Payable and Financed Purchase

Parking Lot

The District entered into the Ground Lease Agreement with VB-SI Assets, LLC on July 13, 2022, to lease 10 acres of vacant land for aboveground storage and parking for vehicles during District events. A related right-to-use lease asset and liability, valued at $176,049, have been recorded. The commencement date of the lease is June 1, 2022, and the expiration date is May 31, 2052 unless extended. The lease provides annual payments of $4,800, at an interest rate of 1.01%. The agreement has an escalation rate of two percent (2%) per year for the duration of the term, commencing on the commencement date and continuing on January 31 of each year thereafter during the term. In 2025, the District paid $5,093, comprised of principal and interest of $3,528 and $1,565, respectively. At December 31, 2025, the right-to-use asset cost and accumulated amortization were $176,049 and $23,473, respectively, with an annual amortization expense of $5,868.

Year ending December 31,	Principal	Interest	Total
2026	$ 3,665	$ 1,531	$ 5,196
2027	3,806	1,494	5,300
2028	3,950	1,455	5,405
2029	4,098	1,415	5,513
2030	4,250	1,374	5,624
2031-2035	23,659	6,194	29,853
2036-2040	28,048	4,912	32,960
2041-2045	32,994	3,397	36,391
2046-2050	38,558	1,619	40,177
2051	8,440	85	8,525
Total	$ 151,468	$ 23,476	$ 174,944

Office Sublease

On November 1, 2024, the District entered into a cost share agreement with Poudre Tech Metropolitan District and Water Valley Master Association to lease a portion of Building #3 in the Pelican Point Business Park. For the District's share, the agreement is valued at $77,238, requires monthly payments over four years ranging from $1,730 to $1,890, at an estimated interest rate of 6%. In 2024, the District paid $20,754, comprised of principal and interest of $18,349 and $4,077, respectively. At December 31, 2025, the right-to-use asset cost and accumulated amortization were $77,238 and $38,620, respectively, with an annual amortization expense of $19,310.

Total future minimum lease payments under the lease agreements are as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 20,143	$ 1,530	$ 22,018
2027	22,069	1,493	22,678
Total	$ 42,212	$ 3,023	$ 44,696

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Lease Payable and Financed Purchase (Continued)

Vehicle

On April 30, 2024, the District entered into a lease agreement for a 2023 Ford F-150 valued at $50,048. The agreement requires four annual payments of $14,153, at an interest rate of 8.89%. In 2024, the District paid $14,153, comprised of principal only. At December 31, 2025, the right-to-use asset cost and accumulated depreciation were $50,048 and $25,024, respectively, with an annual depreciation expense of $12,512.

Total future minimum payments under the financed purchase agreement are as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 11,936	$ 2,217	$ 14,153
2027	12,997	1,155	14,153
Total	$ 24,933	$3,372	$ 28,306

Property Lease – Municipal Maintenance Facility

On September 27, 2021, the District entered into a property lease agreement with VIMA Partners, LLC, for the use of property on which the District plans to construct and operate a maintenance building. The agreement is valued at approximately $1,090,621 (present value using an estimated rate of 6%), requires monthly payments over 99 years ranging from $2,500 to $107,930 per month, and has an escalation rate of 4% per year. A right-to-use lease asset and liability, in the amount of the agreement's valuation of approximately $1,090,621, have been recorded. At December 31, 2025, the right-to-use asset cost and accumulated amortization were $1,090,621 and $44,177, respectively, with an annual amortization expense of $11,044.

This is a market-value lease with lease payments that do not cover the full amount of the interest until January 1, 2100. Interest is accrued annually until January 1, 2100, when the payments begin to exceed the interest amount. Principal payments begin on January 1, 2100, through September 1, 2120. Interest and accrued interest is paid annually starting on January 1, 2024. Interest started accruing on January 1, 2022. During 2025, the interest component of the amount due totaled $77,723, but the District was billed and paid only $31,200.

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Lease Payable and Financed Purchase (Continued)

Property Lease – Municipal Maintenance Facility (Continued)

Total future minimum lease payments under the lease agreements are as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ (48,109)	$ 80,557	$ 32,448
2027	(49,742)	83,488	33,746
2028	(51,423)	86,518	35,095
2029	(53,151)	89,651	36,500
2030	(54,929)	92,888	37,959
2031-2035	(303,063)	516,888	213,825
2036-2040	(355,169)	615,320	260,151
2041-2045	(413,836)	730,350	316,514
2046-2050	(478,837)	863,924	385,087
2051-2055	(549,317)	1,017,835	468,518
2056-2060	(623,465)	1,193,488	570,023
2061-2065	(698,026)	1,391,545	693,521
2066-2070	(767,631)	1,611,405	843,774
2071-2075	(823,841)	1,850,421	1,026,580
2076-2080	(853,821)	2,102,812	1,248,991
2081-2085	(838,489)	2,358,078	1,519,589
2086-2090	(749,956)	2,598,768	1,848,812
2091-2095	(547,985)	2,797,347	2,249,362
2096-2100	(175,117)	2,911,810	2,736,693
2101-2105	450,026	2,879,581	3,329,607
2106-2110	1,441,924	2,609,052	4,050,976
2111-2115	2,960,730	1,967,901	4,928,631
2116-2020	4,904,035	768,610	5,672,645
Total	$ 1,320,808	$ 31,218,239	$ 32,539,047

Property Lease – Municipal Maintenance Facility (Continued)

On January 28, 2019, the District entered into a property lease agreement with Raindance Aquatic Investments, LLC for the use of property on which the District plans to construct and operate a pump station related to nearby Raindance River Reservoir. The agreement is valued at approximately $1,081,230 (present value using an estimated rate of 6%), requires monthly payments over 99 years ranging from $2,500 to $99,787 per month, and has an escalation rate of 4% per year. A right-to-use lease asset and liability, in the amount of the agreement's valuation of approximately $1,081,230, have been recorded. At December 31, 2025, the right-to-use asset cost and accumulated amortization were $1,081,230 and $44,973, respectively, with an annual amortization expense of $11,243.

This is a market-value lease with lease payments that do not cover the full amount of the interest until January 1, 2098. Interest is accrued annually until January 1, 2098, when the payments begin to exceed the interest amount. Principal payments begin on January 1, 2098, through February 1, 2118. Interest and accrued interest is paid annually starting on January 1, 2024. Interest started accruing on January 1, 2022. During 2024, the interest component of the amount due totaled $77,030, but the District was billed and paid only $31,200.

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Lease Payable and Financed Purchase (Continued)

Property Lease – Municipal Maintenance Facility (Continued)

Total future minimum lease payments under the lease agreements are as follows:

Year ending December 31,		Principal		Interest		Total
2026	$	(47,373)	$	79,821	$	32,448
2027		(48,961)		82,707		33,746
2028		(50,271)		85,689		35,096
2029		(52,271)		88,770		36,499
2030		(53,994)		91,953		37,959
2031-2035		(297,449)		511,274		213,825
2036-2040		(347,596)		607,748		260,152
2041-2045		(403,622)		720,136		315,514
2046-2050		(465,059)		850,146		385,087
2051-2055		(530,734)		999,251		468,517
2056-2060		(598,398)		1,168,422		570,024
2061-2065		(664,215)		1,357,736		693,521
2066-2070		(722,025)		1,565,798		843,773
2071-2075		(762,325)		1,788,905		1,026,580
2076-2080		(770,845)		2,019,836		1,248,991
2081-2085		(726,567)		2,246,156		1,519,589
2086-2090		(598,990)		2,447,802		1,848,812
2091-2095		(344,354)		2,593,717		2,249,36
2096-2100		99,550)		2,637,143		2,736,693
2101-2105		820,511		2,509,096		3,329,607
2106-2110		1,941,652		2,109,324		4,050,976
2111-2115		3,634,788		1,293,843		4,928,631
2116-2020		2,297,747		160,319		2,458,066
Total	$	1,308,877		$ 28,015,592	$	29,324,469

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 4, 2003, the District's voters authorized the issuance of indebtedness in an amount not to exceed $156,000,000. At December 31, 2025, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 6, , 2014	Authorization Used Series 2020 Bonds	Authorized But Unissued
Water	$ 93,000,000	$ 24,315,000	$ 24,315,000
Sanitation/Stormwater	93,000,000	-	93,000,000
Streets	93,000,000	-	93,000,000
Parks and Recreation	93,000,000	-	93,000,000
Public Transportation	93,000,000	-	93,000,000
Fire Protection	93,000,000	-	93,000,000
Mosquito Control	93,000,000	-	93,000,000
Safety Protection	93,000,000	-	93,000,000
Security	93,000,000	-	93,000,000
TV Relay and Translation	93,000,000	-	93,000,000
Operation and Maintenance	93,000,000	-	93,000,000
Debt Refunding	93,000,000	-	93,000,000
Intergovernmental Agreements	93,000,000	-	93,000,000
Private Agreements	93,000,000	-	93,000,000
Special Assessments	93,000,000	-	93,000,000

NOTE 9 NET POSITION

The District has net position consisting of three components – 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 balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investments in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities
Capital Assets, Net	$ 11,491,929	$ 32,471,211
Outstanding Long-Term Debts Attributable to Capital Assets	(14,823,922)	(25,568,877)
Net Investment in Capital Assets	$ (3,331,993)	$ 6,902,334

The restricted component of net position includes assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws and regulations of other governments, or as imposed by law through constitutional provisions or enables legislation. The District had restricted net position as of December 31, 2025 as follows:

	Governmental Activities	Business-Type Activities
Restricted Net Position		
Emergency Reserves	$ 188,400	$ -

NOTE 10 AGREEMENTS

District Coordinating Services Agreements (District Nos. 1-4)

Effective as of January 1, 2018, the Districts entered into a District Coordinating Services Agreement (the Coordinating Services Agreement) for the purpose of establishing the respective obligations of the Districts with respect to the coordination, oversight, and funding of certain administrative costs of the Districts, and costs related to the continued operation and maintenance of certain of the public improvements within such Districts. Pursuant to the Coordinating Services Agreement, the District was designated as the "coordinating district" (the Coordinating District) and Districts No. 2, No. 3, and No. 4 (now National Resort Metropolitan District) were each designated as "financing districts" (the Financing Districts).

District Coordinating Services Agreements (District Nos. 1-4)

On March 27, 2018, District No. 3 and the District adopted a Joint Resolution Regarding Intent to Implement Common Plan of Finance (the Common Finance Plan Resolution), pursuant to which: (i) the District and District No. 3 declared their mutual intent to implement the common plan of finance set forth and approved in the Service Plan to fund or reimburse all or a portion of the capital costs related to the public improvements to serve RainDance; and (ii) District No. 3 declared its intent, upon issuance of its bonds, to transfer all available revenues to the District for the payment of such costs, including amounts owed by the District pursuant to the Reimbursement Agreements (as defined below).

On December 5, 2019, District No. 2 and the District adopted a Joint Resolution Regarding Intent to Implement Common Plan of Finance (the Common Finance Plan Resolution), pursuant to which: (a) the District and District No. 2 declared their mutual intent to implement the common plan of finance set forth and approved in the Service Plan to fund or reimburse from District No. 2's bonds all or a portion of the capital costs related to the public improvements to serve RainDance; and (b) District No. 2 declared its intent, upon issuance of its bonds, to transfer all available proceeds to the District for the payment of such costs, including amounts owed by the District, pursuant to certain Reimbursement Agreement (as defined below).

Infrastructure Acquisition and Reimbursement Agreements

The District and the Developer have entered into two Infrastructure Acquisition and Reimbursement Agreements dated March 1, 2018 and January 1, 2020 (the Developer Reimbursement Agreements), and the District and a subsidiary of Journey Homes entered into a similar agreement, dated March 1, 2018 (the JH Reimbursement Agreement, and together with the Developer Reimbursement Agreements, the Reimbursement Agreements). Pursuant to the Reimbursement Agreements, it is be acknowledged that the Developer or Journey Homes, as applicable, has incurred certain costs related to the public infrastructure for the benefit of the District, and may incur additional costs related thereto, and that the District agrees to reimburse the Developer or Journey Homes, as applicable, for any and all costs of any kind related to the provision of the public improvements that may be lawfully funded by the District, after such costs are reviewed and certified by the District's Accountant and Engineer. As of December 31, 2025, outstanding advances under this agreement totaled $8,425,613 in principal and $4,858,888 in accrued interest.

NOTE 10 AGREEMENTS (CONTINUED)

Funding and reimbursement Agreements Golf Course

On October 28, 2021, the District has entered into the Funding and Reimbursement Agreement (Golf Course), effective as of January 1, 2021, with Raindance Holdings, LLC (the Developer) to finance construction of a public golf course that will be owned and maintained by the District. Per the agreement, the Developer agrees to loan to the District one or more sums of money as needed to construct the golf course. The District and the Developer agree and acknowledge that the Developer has incurred certain costs related to the project for the benefit of the District, and may incur additional costs related thereto, and that the District agrees to reimburse to the Developer for such costs in accordance with the provisions of the agreement and after such costs are reviewed and certified by the District's Accountant and Engineer. Unreimbursed advances bear simple interest of 6.5% per annum, from the date any such advance is made to the date of repayment of such amount. The District anticipates repaying moneys advanced by the Developer with the proceeds of the PIF. (See Assignment and Assumption Agreement).

Assignment and Assumption Agreement

On August 22, 2023, the District ("Assignor") entered into the Assignment and Assumption Agreement with National Resort Metropolitan District (formerly Raindance Metropolitan District No. 4) ("Assignee") to transfer golf course and golf and recreation improvements and amenities. The Assignor conveys, transfers, and assigns to the Assignee all of Assignor's rights, title, and interest in (i) a Real Property Lease (Golf Course/Hoe Down Hill), dated July 11, 2022, between the Assignor and Raindance Aquatic Investments, and (ii) an Independent Contractor Agreement (Golf Course Management and Operator Services), dated July 11, 2022, between the Assignor and Pelican Lakes, LLC. The Assignee accepts the assignment and assumes and covenants to perform and fulfill all of the obligations, terms and conditions of the Assignor occurring on and after the date of the assignment.

Construction of Sanitary Sewer Facilities Intergovernmental Agreement

The District and the Town of Windsor (the Town) have entered into the Construction of Sanitary Sewer Facilities and Related Oversizing Credits and Reimbursements Agreement (the IGA) dated June 16, 2020. Pursuant to the IGA, the Town shall reimburse to the District for certain costs of constructing the sewer interceptor that relate to Poudre Heights Improvements. The reimbursement amount shall be limited to those actual costs certified by the District as District eligible costs, and shall be made upon submitting an "Acceptance Resolution" to the Town with certificates from the District's Engineer and CPA, relating to completion, costs, and eligibility. No reimbursements were made by the Town during 2025.

Intergovernmental Agreement Regarding New Liberty Road Modifications

The District and the Town of Windsor (the Town) have entered into the Intergovernmental Agreement Regarding New Liberty Road Modifications (the IGA) dated June 10, 2021. Per the IGA, the Town shall be responsible for the design of the New Liberty Road Expansion, and the District shall review the design of the New Liberty Road Expansion and provide input into design decisions. Also pursuant to the IGA, the District shall reimburse the Town for one-third (1/3) of design-related costs incurred by the Town with respect to the New Liberty Road Expansion. Upon completion of the modifications, the Town shall provide the District an "Acceptance Resolution" adopted by the Town's Board and supported by the Town's Engineer's Certificate. The District's share of design and construction costs shall be due within 30 days of the Town's presentation of the approved Acceptance Resolution. As of December 31, 2025, the District has not made any reimbursements to the Town per the IGA.

NOTE 10 AGREEMENTS (CONTINUED)

Intergovernmental Agreement Regarding 7th Street Pedestrian Bridge

On May 14, 2021, the Town of Windsor (the Town), the District, and Poudre Tech Metropolitan District (PTMD) entered into the Intergovernmental Agreement Regarding 7th Street Pedestrian Bridge Construction, Maintenance, and Right-Of-Way Encroachment (the Agreement). Pursuant to the Agreement, the District agrees to construct the Pedestrian Bridge as designed in the Improvement Plan and initially pay all related design and construction costs. The Town, the District and PTMD shall each be responsible for the one-third (1/3) of all costs incurred by the District and certified by the District's Engineer. Upon substantial completion of the Pedestrian Bridge and presentation of the Cost Certification, the Town and PTMD shall pay to the District their respective shares of the total amount certified in the Cost Certification withing 30 days of receipt thereof, or as otherwise agreed to in writing. Per the Agreement, PTMD is appointed and designated to be the owner of the Pedestrian Bridge. In 2022, the District had incurred and certified the project-related costs in the amount of $2,763,774. The corresponding assets were conveyed to PTMD in 2022.

Agreements for Utility Oversizing Reimbursement

On December 14, 2022, the Town of Windsor (the Town) and Raindance Development, LLC (the Developer) entered into the Agreement for Utility Oversizing Reimbursement for Raindance Major Infrastructure, Raindance 15th Filing and Raindance 8th Filing (the Agreement). Per the Agreement, the Town intends to reimburse that portion of the Developer's costs attributed to utility oversizing upon completion of the projects and verification of the related costs by the Town Engineering Department. As of December 31, 2022, the Town certified and reimbursed the utility oversizing costs in the amount of $1,148,081 to the District, which was recorded as other liability upon receipt. During 2024, the other liability was reclassified as other revenue after the Developer confirmed that such amount can be treated as such.

NOTE 11 RELATED PARTIES

The Developer of the property which constitutes the District is RainDance Land Company, LLC, a Delaware limited liability company (the Developer). Certain members of the Board of Directors of the District are officers or employees of or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer, and may have conflicts of interest in dealing with the District.

NOTE 12 RISK MANAGEMENT

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

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

The District pays annual premiums to the Pool for liability, property 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.

NOTE 13 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.

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. At December 31, 2025, the District determined and calculated its required emergency reserve to be approximately $188,500. Funding of the Districts' operations primarily come from transfers of tax revenues from the Financing Districts.

The District's management has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

REQUIRED SUPPLEMENTARY INFORMATION

RAINDANCE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	$ 3,181,099	$ 3,181,100	$ 1
Specific Ownership Taxes	127,244	128,871	1,627
Interest on Late Tax Payments	-	1,723	1,723
Net Investment Income	197,850	217,527	19,677
IGA - PTMD - River Resort Cost Share	360,000	256,926	(103,074)
IGA - PTMD - Maintenance Building Cost Share	20,000	-	(20,000)
Recreation Fees (Pool & W-Club)	435,000	1,247,437	812,437
Intergovernmental Revenue - RDMD2	600,164	601,318	1,154
Intergovernmental Revenue - RDMD3	636,529	637,684	1,155
Transfers From Other Government	-	5,094	5,094
Other Revenue	-	4,151	4,151
Total Revenues	5,557,886	6,281,831	723,945
Expenditures			
General & Administrative			
Accounting	125,000	124,406	594
Accounting - Cost Certification	15,000	-	15,000
Auditing	50,000	105,092	(55,092)
Bad Debt Expense	-	163,641	(163,641)
Consulting & Studies	10,000	-	10,000
County Treasurer's Fee	47,716	47,742	(26)
Contingency	30,000	-	30,000
Dues and Membership	2,044	5,188	(3,144)
Insurance	82,491	59,830	22,661
Legal	125,000	52,242	72,758
Management Fee	60,000	37,800	22,200
Operation Supplies	7,000	5,335	1,665
Organization Costs	11,600	-	11,600
Office Overhead	60,000	60,000	-
Staffing	102,000	445,579	(343,579)
Operations and Maintenance			
Cost Share - W-Club	450,000	1,195,239	(745,239)
District Events	15,000	-	15,000
Dog Waste Stations	-	5,438	(5,438)
Dues, Education, and Certifications	-	1,052	(1,052)
Equipment Acquisition	80,000	68,790	11,210
Landscaping - Softscape Contract	400,000	320,763	79,237
Landscaping - Special Projects and Mowing	30,000	51,217	(21,217)
Landscaping - Irrigation Repair and Maintenance	50,000	77,269	(27,269)
Landscaping - Orchard Trees and Operation	35,000	50,116	(15,116)
Raindance Farms	45,000	59,405	(14,405)
Miscellaneous	-	2,197	(2,197)
Parks & Playgrounds	-	20,764	(20,764)
Operation and Maintenance Staffing	371,000	-	371,000
Rent and Common Area Maintenance	-	30,453	(30,453)
Repairs and Maintenance	265,000	101,099	163,901
Safety Supplies and Equipment	6,000	-	6,000
Security	80,000	66,157	13,843
Small Tools and Supplies	16,000	4,638	11,362
Snow Removal	50,000	24,226	25,774
Utilities	125,000	29,486	95,514
Water Usage - District Irrigation	275,000	166,935	108,065

RAINDANCE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures (Continued)			
Pool and Clubhouse			
Pool Management Fees	$ 250,000	$ 319,300	$ (69,300)
Pool Cashier - Contract/Self Perform	45,000	-	45,000
Pool Supplies	80,000	27,646	52,354
Pool Water Usage	20,000	19,435	565
Pool Gas and Electricity	65,000	37,647	27,353
Pool Telephone Services	1,000	831	169
Pool Internet	3,500	3,870	(370)
Pool Insurance	42,000	29,156	12,844
Pool Trash and Recycle	3,600	4,449	(849)
Lanscaping River Resort	7,500	-	7,500
Pool Repair and Maintenance	40,000	53,987	(13,987)
Pool Cleaning Services	45,000	15,954	29,046
Pool House and Restroom Repair	25,000	-	25,000
Pool Miscellaneous	15,000	622	14,378
Capital Outlay	145,000	42,667	102,333
Capital Reserves	200,000	-	200,000
Contingency	50,000	-	50,000
Debt Service			
Repay Developer Advance	60,000	-	60,000
Lease Expense - Parking Lot	-	5,094	(5,094)
Lease Expense - Property (Maint. Bldg)	31,000	31,200	(200)
Lease Expense - Vehicle	14,300	14,153	147
Total Expenditures	4,163,751	3,988,110	175,641
Excess of Revenues Over (Under) Expenditures	1,394,135	2,293,721	899,586
Other Financing Sources (Uses)			
Developer Advance - Overhead	60,000	-	(60,000)
Transfers To Other Fund	(2,400,000)	(2,400,000)	-
Total Other Financing Sources (Uses)	(2,340,000)	(2,400,000)	(60,000)
Net Change in Fund Balance	(945,865)	(106,279)	839,586
Fund Balances, Beginning of Year	9,892,521	8,142,372	(1,750,149)
Fund Balances - End of Year	$ 8,946,656	$ 8,036,093	$ (910,563)

SUPPLEMENTARY INFORMATION

RAINDANCE METROPOLITAN DISTRICT NO. 1 CAPITAL PROJECTS FUN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Other Revenues	$ -	$ 42,168	$ 42,168
Expenditures			
Capital Projects	2,400,000	-	2,400,000
Excess of Revenues Over (Under) Expenditures	(2,400,000)	42,168	(2,357,832)
Other Financing Sources (Uses)			
Transfers From Other Fund	2,400,000	2,400,000	-
Net Change in Fund balance	-	2,442,168	2,442,168
Fund Balances - Beginning of Year	-	662,308	662,308
Fund Balances - End of Year	$ -	$ 3,104,476	$ 3,104,476

RAINDANCE METROPOLITAN DISTRICT NO. 1
ENTERPRISE FUND – NON-POTABLE WATER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues				
Capital Fees	$ 125,000	$ 125,000	$ 746,544	$ 621,544
Water Service Fees - Residential/Commercial	1,500,000	1,500,000	1,000,273	(499,727)
Water Service Fees - District	275,000	275,000	-	(275,000)
Water Service Fees - Hoedown Hill	70,000	70,000	-	(70,000)
Water Service Fees - Golf Course	315,000	315,000	-	(315,000)
Water Meter Fees	140,000	140,000	138,000	(2,000)
Curb Stop	15,000	15,000	-	(15,000)
Transfer from PTMD - Reservoir	-	-	63,468	63,468
Other Operating Revenues	-	10,226	1,014	(9,212)
Interest Income	40,061	72,321	127,036	54,715
Total Revenues	2,480,061	2,522,547	2,076,335	(446,212)
Operating Expenses				
Administration and General Expenses:				
District Management Contract	50,000	12,000	16,200	(4,200)
Administration - Staffing	108,000	108,000	120,303	(12,303)
Consulting & Studies	10,000	20,000	23,316	(3,316)
Legal	4,000	25,000	31,116	(6,116)
Bank Fees	-	-	6,847	(6,847)
Operations and Maintenance				
Ditch Delivery Expenses	15,000	15,000	12,100	2,900
Scada	20,000	20,000	11,258	8,742
Equipment	4,000	24,747	29,167	(4,420)
Utility Locates	100,000	100,000	99,069	931
Water Meters and Installations	130,000	130,000	124,713	5,287
Water Quality Treatments	10,000	500	345	155
Water System Manager and Field Staff	300,000	300,000	203,952	96,048
Electricity and Gas	90,000	187,498	220,897	(33,399)
Lease - Property (Pump Station)	-	34,667	31,200	3,467
IGA - Maint. Building Utilities	-	31,200	-	31,200
Miscellaneous	-	21,139	35,636	(14,497)
Curb Stop Repairs	15,000	-	-	-
Repairs and Maintenance	75,000	75,000	148,473	(73,473)
Contingency	15,000	10,000	-	10,000
Capital Projects				
Water Infrastructure	50,000	50,000	60,893	(10,893)
Debt Service		-		
Paying Agent Fees	2,000	2,000	2,975	(975)
Repay Developer Advance	250,000	250,000	-	250,000
Bond Interest - Series 2020	1,261,725	1,261,725	1,261,600	125
Bond Principal - Series 2020	30,000	30,000	30,000	-
Transfer to PTMD - 2023 Loan IGA	302,003	302,003	302,003	-
Total Expenses	2,841,728	3,010,479	2,772,063	238,416

RAINDANCE METROPOLITAN DISTRICT NO. 1
ENTERPRISE FUND – NON-POTABLE WATER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Operating Income (Loss)	(361,667)	(487,932)	(695,728)	(207,796)
Other Financing Sources (Uses)				
Developer Advance	250,000	250,000	-	(250,000)
Total Other Financing Sources	250,000	250,000	-	(250,000)
Net Income Budgetary Basis	$ (111,667)	$ (237,932)	(695,728)	$ (457,796)
Reconciliation to GAAP Basis				
Bond Principal Payment			30,000	
Capital Outlay			185,606	
Lease Principal Payment			(45,829)	
Depreciation			(465,341)	
Change in Net Position, *GAAP Basis*			$ (991,292)	

OTHER INFORMATION

RAINDANCE METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2025

Bonds/Loans and Interest Maturing in the Year Ending December 31,	$24,315,000 Nonpotable Water Enterprise Revenue bonds, Series 2020 Dated August 6, 2020 Principal Due December 1 Interest Rate 5.00% - 5.25% Payable June 1 and December 1		
	Principal	Interest	Total
2025	$ 30,000	$ 1,261,725	$ 1,291,725
2026	35,000	1,260,225	1,295,225
2027	45,000	1,258,475	1,303,475
2028	55,000	1,256,225	1,311,225
2029	60,000	1,253,475	1,313,475
2030	75,000	1,250,475	1,325,475
2031	90,000	1,246,725	1,336,725
2032	170,000	1,242,225	1,412,225
2033	255,000	1,233,725	1,488,725
2034	350,000	1,220,975	1,570,975
2035	450,000	1,203,475	1,653,475
2036	560,000	1,180,975	1,740,975
2037	650,000	1,152,975	1,802,975
2038	750,000	1,120,475	1,870,475
2039	855,000	1,082,975	1,937,975
2040	970,000	1,040,225	2,010,225
2041	1,090,000	991,725	2,081,725
2042	1,220,000	934,500	2,154,500
2043	1,360,000	870,450	2,230,450
2044	1,510,000	799,050	2,309,050
2045	1,670,000	719,775	2,389,775
2046	1,755,000	632,100	2,387,100
2047	1,850,000	539,963	2,389,963
2048	1,945,000	442,837	2,387,837
2049	2,045,000	340,725	2,385,725
2050	4,445,000	233,362	4,678,362
Total	$ 24,260,000	$ 24,508,112	$ 48,768,112

RAINDANCE METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
YEAR ENDED DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation	Mill Levy General Operations	Mill Levy Debt Service	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2019/2020	$ 88,047,060	39.000	0.000	$ 3,433,835	$ 3,293,757	95.92 %
2020/2021	88,297,570	39.000	0.000	4,482,605	3,552,079	79.24 %
2021/2022	34,853,120	39.000	0.000	1,359,272	1,359,272	100.00 %
2022/2023	52,590,940	39.000	0.000	2,051,047	2,050,899	99.99 %
2023/2024	233,913,830	39.000	0.000	9,122,639	9,120,684	99.98 %
2024/2025	81,566,650	39.000	0.000	3,181,099	3,181,100	100.00 %
Estimated for Year Ending December 31, 2026	$ 49,368,620	39.000	0.000	$ 1,925,376		

Note: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, and County Assessor.