SILVER PEAKS EAST
METROPOLITAN DISTRICT
Weld County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Silver Peaks East Metropolitan District
Weld County, Colorado

Opinion

We have audited the financial statements of the governmental activities and each major fund of the Silver Peaks East Metropolitan District , as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Silver Peaks East Metropolitan District basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Silver Peaks East Metropolitan District , as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Silver Peaks East Metropolitan 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.

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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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Silver Peaks East Metropolitan District ′s basic financial statements. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and was not a required part of the financial statements.

The supplemental schedule of Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual ("Supplemental Schedules") is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The Schedule of Assessed Valuation, Mill Levy, and Property Taxes Collected has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express any opinion or provide any assurance on it.

Watson Coon Ryan, LLC

JULY 8, 2026
CENTENNIAL, COLORADO

BASIC FINANCIAL STATEMENTS

SILVER PEAKS EAST METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 468
Cash and Investments - Restricted	4,677
Accounts Receivable	525
Prepaid Insurance	3,625
Property Tax Receivable	364,437
Capital Assets:	
Capital Assets Net of Depreciation	4,903,656
Total Assets	5,277,388
LIABILITIES	
Accounts Payable	4,411
Prepaid Owner Fees	89
Noncurrent Liabilities:	
Due in More Than One Year	7,181,644
Total Liabilities	7,186,144
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	364,437
Total Deferred Inflows of Resources	364,437
NET POSITION	
Net Investment in Capital Assets	(603,912)
Restricted for:	
Emergency Reserve	2,100
Debt Service Reserve	2,577
Unrestricted	(1,673,958)
Total Net Position	$ (2,273,193)

See accompanying Notes to Basic Financial Statements.

SILVER PEAKS EAST METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 419,896	$ 12,061	$ -	$ -	$ (407,835)
Interest on Long-Term Debt and Related Costs	356,915	-	-	-	(356,915)
Total Governmental Activities	$ 776,811	$ 12,061	$ -	$ -	(764,750)
	GENERAL REVENUES				
	Property Taxes				349,469
	Specific Ownership Taxes				14,157
	Interest Income				697
	Total General Revenues				364,323
	CHANGES IN NET POSITION				(400,427)
	Net Position - Beginning of Year, as Restated				(1,872,766)
	NET POSITION - END OF YEAR				$ (2,273,193)

See accompanying Notes to Basic Financial Statements.

SILVER PEAKS EAST METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Total Governmental Funds
ASSETS				
Cash and Investments	$ 379	$ 89	$ -	$ 468
Cash and Investments - Restricted	2,100	-	2,577	4,677
Accounts Receivable	-	525	-	525
Prepaid Insurance	3,625	-	-	3,625
Property Tax Receivable	60,739	-	303,698	364,437
Total Assets	$ 66,843	$ 614	$ 306,275	$ 373,732
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 4,411	$ -	$ -	$ 4,411
Prepaid Owner Fees	-	89	-	89
Total Liabilities	4,411	89	-	4,500
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	60,739	-	303,698	364,437
Total Deferred Inflows of Resources	60,739	-	303,698	364,437
FUND BALANCES				
Nonspendable:				
Prepaid Expense	3,625	-	-	3,625
Restricted for:				
Emergency Reserves	2,100	100	-	2,200
Debt Service Reserve	-	-	2,577	2,577
Unassigned	(4,032)	-	-	(4,032)
Total Fund Balances	1,693	525	2,577	4,795
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 66,843	$ 614	$ 306,275	

Amounts reported for 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.	4,903,656
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest	(790,012)
Bonds Payable	(5,410,000)
Developer Advance Payable	(981,632)
Net Position of Governmental Activities	$ (2,273,193)

See accompanying Notes to Basic Financial Statements.

SILVER PEAKS EAST METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Total Governmental Funds
REVENUES				
Property Taxes	$ 58,245	$ -	$ 291,224	$ 349,469
Specific Ownership Taxes	2,360	-	11,797	14,157
Operations And Maintenance Fee	-	12,061	-	12,061
Interest Income	12	-	685	697
Total Revenues	60,617	12,061	303,706	376,384
EXPENDITURES				
Current:				
Accounting	28,717	-	-	28,717
Auditing	6,800	-	-	6,800
County Treasurer's Fee	874	-	4,369	5,243
District Management	12,851	-	-	12,851
Dues And Membership	334	-	-	334
Election	156	-	-	156
Engineering	1,408	-	-	1,408
FRICO Agreement	13,262	-	-	13,262
Insurance	2,496	-	-	2,496
Legal	8,132	-	-	8,132
Miscellaneous	76	-	-	76
Debt Service:				
Bond Interest	-	-	299,481	299,481
Paying Agent Fees	-	-	4,000	4,000
Total Expenditures	75,106	-	307,850	382,956
EXCESS OF REVENUES UNDER EXPENDITURES	(14,489)	12,061	(4,144)	(6,572)
Transfers In (Out)	11,536	(11,536)	-	-
Total Other Financing Sources	11,536	(11,536)	-	-
NET CHANGE IN FUND BALANCES	(2,953)	525	(4,144)	(6,572)
Fund Balances - Beginning of Year	4,646	-	6,721	11,367
FUND BALANCES - END OF YEAR	$ 1,693	$ 525	$ 2,577	$ 4,795

See accompanying Notes to Basic Financial Statements.

SILVER PEAKS EAST METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$	(6,572)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.		
Depreciation Expense		(344,790)
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 Payable Developer Advance - Change in Liability		(49,065)
Changes in Net Position of Governmental Activities	$	(400,427)

See accompanying Notes to Basic Financial Statements.

SILVER PEAKS EAST METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 58,245	$ 58,245	$ -
Specific Ownership Taxes	2,330	2,360	30
Interest Income	-	12	12
Total Revenues	60,575	60,617	42
EXPENDITURES			
Accounting	25,000	28,717	(3,717)
Auditing	7,000	6,800	200
County Treasurer's Fee	874	874	-
District Management	15,000	12,851	2,149
Dues And Membership	600	334	266
Election	1,000	156	844
Engineering	-	1,408	(1,408)
FRICO Agreement	15,000	13,262	1,738
Insurance	3,500	2,496	1,004
Legal	15,000	8,132	6,868
Miscellaneous	3,026	76	2,950
Total Expenditures	86,000	75,106	10,894
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25,425)	(14,489)	10,936
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	-	11,536	11,536
Total Other Financing Sources	-	11,536	11,536
NET CHANGE IN FUND BALANCE	(25,425)	(2,953)	22,472
Fund Balance - Beginning of Year	54,644	4,646	(49,998)
FUND BALANCE - END OF YEAR	$ 29,219	$ 1,693	$ (27,526)

See accompanying Notes to Basic Financial Statements.

SILVER PEAKS EAST METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Operations And Maintenance Fee	$ -	$ 15,000	$ 12,061	$ (2,939)
Total Revenues	-	15,000	12,061	(2,939)
EXPENDITURES				
Total Expenditures	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	15,000	12,061	(2,939)
OTHER FINANCING SOURCES (USES)				
Transfers To Other Fund	-	(15,000)	(11,536)	3,464
Total Other Financing Sources (Uses)	-	(15,000)	(11,536)	3,464
NET CHANGE IN FUND BALANCE	-	-	525	525
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ 525	$ 525

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Silver Peaks East Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized on December 1, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Town of Lochbuie, Weld County, Colorado.

At a special election of the eligible electors of the District held on November 8, 2016, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the acquisition, construction, installation, and completion of certain 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 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. 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 sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and operations and maintenance fees. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

> The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Special Revenue Fund is used to account for the operations fees imposed on all residential units and associated operating costs. Effective November 1, 2024, operations fees are no longer being assessed by the District and operating costs became the responsibility of Silver Peaks Community Association. Fees collected in 2025 related to prior years’ assessments. See Note 10 – Access and Maintenance Easement Agreement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 has 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 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.

Capital Assets

Capital assets, which include parks and recreation, water, sanitary sewer, storm sewer and streets, are reported in the 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in process and are not included in the calculation of net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Water, Sanitary Sewer and Storm Sewer	20 Years
Streets	15 Years
Parks and Recreation	10 Years

Property Taxes

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position 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, the item, *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.

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 balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

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

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.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:		
Cash and Investments	$	468
Cash and Investments - Restricted		4,677
Total Cash and Investments	$	5,145

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

Deposits with Financial Institutions	$	4,671
Investments		474
Total Cash and Investments	$	5,145

Cash Deposits

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

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

At December 31, 2025, the District's cash deposits had a bank and carrying balance of $4,671.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has adopted an investment policy by which it 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.

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

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	$ 474
		$ 474

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the 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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. 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 $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. 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 and COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025, follows:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Being Depreciated:				
Parks and Recreation	$ 662,103	$ -	$ -	$ 662,103
Water	975,948	-	-	975,948
Sanitary Sewer	1,136,835	-	-	1,136,835
Storm Sewer	1,356,690	-	-	1,356,690
Street	1,576,590	-	-	1,576,590
Total Capital Assets, Being Depreciated	5,708,166	-	-	5,708,166
Less Accumulated Depreciation for:				
Accumulated Depreciation - Parks and Rec	88,281	66,210	-	154,491
Accumulated Depreciation - Water	65,063	48,797	-	113,860
Accumulated Depreciation - Sanitary Sewer	75,789	56,842	-	132,631
Accumulated Depreciation - Storm Sewer	90,446	67,835	-	158,281
Accumulated Depreciation - Street	140,141	105,106	-	245,247
Total Accumulated Depreciation	459,720	344,790	-	804,510
Total Capital Assets, Being Depreciated, Net	$ 5,248,446	$ (344,790)	$ -	$ 4,903,656

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
General Obligation Bonds					
Series 2021 (3)	$ 5,410,000	$ -	$ -	$ 5,410,000	$ -
Accrued Interest					
Series 2021 (3)	790,012	299,481	299,481	790,012	-
Subtotal Bonds Payable	6,200,012	299,481	299,481	6,200,012	-
Other Debts:					
Developer Advance - Operating	199,424	-	-	199,424	-
Developer Advance - Capital	618,340	-	-	618,340	-
Accrued Interest on:					
Developer Advance - Operating	25,532	11,965	-	37,497	-
Developer Advance - Capital	89,271	37,100	-	126,371	-
Subtotal Other Debts	932,567	49,065	-	981,632	-
Total Long-Term Obligations	$ 7,132,579	$ 348,546	$ 299,481	$ 7,181,644	$ -

The details of the District's general obligation bonds outstanding during 2025 are as follows:

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Bonds, Series 2021A(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on July 28, 2021, in the par amount of $5,410,000. Proceeds from the sale of the Bonds were used to (a) finance or reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements to serve the development; and (b) pay the costs of issuing the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 5.000% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. To the extent principal of the Bonds is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 2, 2061. To the extent interest on the Bonds is not paid when due, such unpaid interest shall compound on each interest payment date, at the rate then borne by the Bonds. The Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 2, 2061. The Bonds are not subject to early termination. The Bonds are not subject to acceleration. The Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Bonds.

General Obligation Limited Tax Bonds, Series 2021A(3) (the Bonds) (Continued)
Events of Default of the Bonds

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2026, 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
September 1, 2026 to August 31, 2027	3.00%
September 1, 2027 to August 31, 2028	2.00
September 1, 2028 to August 31, 2029	1.00
September 1, 2029 and Thereafter	0.00

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, which means the moneys derived by the District from the following sources: (a) the Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 50.000 mills (subject to adjustment for changes occurring after January 1, 2015, in the method of calculating assessed valuation), less the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full. The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Authorized Debt

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to $5,410,000. (Service Plan Debt Issuance Limit). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Service Plan. The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power relative to debt for public improvements. With that understanding, November 8, 2016 a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $70,330,000. At December 31, 2025, the District had authorized but unissued indebtedness of $64,920,000.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

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

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	$ 2,100
Debt Service Reserve	2,577
Total Restricted Net Position	$ 4,677

The District has a deficit in unrestricted net position. This amount is a result of the District being responsible for the financing and repayment of debt obligations for the construction of public improvements and related accrual of unpaid interest in excess of cash on hand.

NOTE 7 RELATED PARTIES

The property within the District is being developed by Forestar (USA) Real Estate Group, Inc. (Developer). During 2025, all of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer, or Melody Homes, Inc. a homebuilder within the District’s boundaries, and may have conflicts of interest in matters involving the District.

NOTE 7 RELATED PARTIES (CONTINUED)

Infrastructure Acquisition and Funding Agreement

The District and the Developer entered into an Infrastructure Acquisition and Funding Agreement on July 19, 2021. Pursuant to the Agreement, the District and the Developer acknowledge that the District is authorized to construct, acquire and install public improvements and other facilities and services that benefit the Property, subject to the limitations set forth in the Service Plan and the Special District Act.

Pursuant to the Agreement, the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or 40 years from the execution date. The District agrees to reimburse the Developer for certified construction costs related to public improvements together within simple interest that shall accrue on amounts reimbursable to the Developer under the Agreement, until paid, at the rate of 6% per annum. Prior to reimbursement, the Developer is required to provide certain materials to the District for review. Following receipt of such materials the District's accountant and engineer shall review the materials to substantiate the costs and issue a cost certification to the District.

As of December 31, 2025, outstanding advances under this Agreement totaled $618,340 and accrued interest totaled $126,371.

Operating Reimbursement Agreement

The District and the Developer entered into an Operating Reimbursement Agreement on July 19, 2021, for the purpose of funding operations and maintenance costs. The Developer agreed to loan to the District one or more sums of money.

Pursuant to the Agreement, the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or 40 years from the execution date. With respect to each loan advance made under this agreement prior to the issuance of any Reimbursement Obligation reflecting such advance, the interest rate shall be 6% per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

As of December 31, 2025, outstanding advances under this Agreement totaled $199,424 and accrued interest totaled $37,497.

NOTE 8 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 9 TAX, SPENDING, AND DEBT LIMITATION

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

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

On November 8, 2016, the District's voters approved for an annual increase in taxes of $5,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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.

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATION (CONTINUED)

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. 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. As of December 31, 2025 the District was unable to impose the maximum General Fund mill levy as allowed in the Service Plan, due to the constraints contained within the provisions of Section 29-1-1702. 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.

NOTE 10 OTHER AGREEMENTS

Ditch Easement Agreement

The District and The Farmers Reservoir and Irrigation Company (FRICO) entered into a Ditch Easement Agreement (the Agreement) on July 12, 2019. The Agreement grants FRICO a permanent, nonexclusive easement across property owned by the District in Lochbuie, Colorado, for the continued operation, maintenance, repair, replacement, and conveyance of water through the Speer Canal and related canal improvements. The agreement establishes FRICO's rights to access and manage the canal facilities while restricting the District from making modifications, installing utilities, landscaping, structures, or granting additional interests within the canal easement area without FRICO's consent. The District, at its sole expense, has the permanent obligation and responsibility to generally maintain and repair the improvements; provided, however, the District shall have no obligation or responsibility to repair any damage to the improvements caused by FRICO or its contractors or agents. In addition, such maintenance and repair obligations shall be considered satisfied with respect to annual cleaning, mowing, spraying, fire guarding and weed burning if the District satisfies some payment obligations, which includes annual maintenance payments to FRICO that escalate based on CPI, periodic engineering inspections. If the District fails to perform its obligations, FRICO may complete the work and recover its costs. In addition to the general maintenance and repair obligation, the improvements require periodic extraordinary maintenance, extraordinary repairs, scheduled replacement, or unanticipated major repair or replacement. If an annual inspection determines the improvements require repair or replacement, the District shall be responsible for said repairs or replacement.

NOTE 10 OTHER AGREEMENTS (CONTINUED)

Access and Maintenance Easement Agreement

The District and Silver Peaks Community Association (the Association) entered into an Access and Maintenance Easement Agreement (the Agreement) on November 14, 2023. The Agreement is effective November 1, 2024 and grants the Association a nonexclusive, perpetual easement for access, ingress, and egress to the property owned by the District. The Association agrees to operate, maintain, repair, and replace the improvements on the property, which include landscaping, irrigation systems, playground structures and other improvements, and to keep the property in good order and condition. The Association shall, at its sole cost and expense, be responsible for and provide (or arrange for the provision of) the routine inspection, operation, maintenance, repair and replacement of the Improvements and keeping the Improvements and Property in good order, condition, and repair, including payment of the water and electrical invoices related to the property. The District and Association acknowledge that the improvements are public and may have been constructed and/or financed by the District and further acknowledge and agree that the general public shall continue to have access to the property and the Association shall take or cause any action to be taken to unreasonably impairs such access by the general public.

NOTE 11 RESTATEMENT

A prior period adjustment was made to record depreciation expense for assets put in service in 2023. A reconciliation of the prior period ending net position to the current year beginning net position is as follows:

Government Activities		
Beginning Net Position Balance, as Previously Reported	$	(1,413,046)
Adjustment to Correct for Prior Years' Depreciation Expense		(459,720)
Beginning Net Position Balance, as Restated	$	(1,872,766)

SUPPLEMENTARY INFORMATION

SILVER PEAKS EAST METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 291,224	$ 291,224	$ 291,224	$ -
Specific Ownership Taxes	11,649	11,797	11,797	-
Interest Income	127	685	685	-
Total Revenues	303,000	303,706	303,706	-
EXPENDITURES				
County Treasurer's Fee	-	4,369	4,369	-
Paying Agent Fees	4,000	4,000	4,000	-
Bond Interest	293,636	299,481	299,481	-
Contingency	5,364	2,577	-	2,577
Total Expenditures	303,000	310,427	307,850	2,577
NET CHANGE IN FUND BALANCE	-	(6,721)	(4,144)	2,577
Fund Balance - Beginning of Year	-	6,721	6,721	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ 2,577	$ 2,577

OTHER INFORMATION

SILVER PEAKS EAST METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

			Total Mills Levied			Total Property Taxes		Percent
Year Ended December 31,	Assessed Valuation	Percent Change	General Operations	Debt Service	Total	Levied	Collected	Collected to Levied
2020/2021	$ 2,280	-2.1%	66.794	-	66.794	$ 152	$ 154	101.32 %
2021/2022	5,200	128.1%	11.132	-	11.132	347	348	100.29 %
2022/2023	789,620	15085.0%	10.000	50.000	60.000	47,377	47,377	100.00 %
2023/2024	2,562,070	224.5%	12.544	62.721	75.265	192,835	193,836	100.52 %
2024/2025	4,429,260	72.9%	13.150	65.750	78.900	349,469	349,469	100.00 %
Estimated for Year Ending December 31, 2026	$ 4,801,850	8.4%	12.649	63.246	75.895	$ 364,437		

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: Weld County Assessor and Treasurer.