

**ROXBOROUGH VILLAGE
METROPOLITAN DISTRICT**

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended December 31, 2025

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Roxborough Village Metropolitan District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Roxborough Village Metropolitan District, as of December 31, 2025 and the respective changes in financial position, 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 Roxborough Village 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 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 Roxborough Village 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 required supplementary information 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roxborough Village Metropolitan District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic

financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
August 25, 2026

**ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2025**

As management of Roxborough Village Metropolitan District (the District) we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the 2025 fiscal year by \$6,151,374 (*net position*). Of this amount, \$1,636,458 (*unrestricted net position*) may be used to meet the District's ongoing obligations to its citizens and creditors.
- As of the close of the 2025 fiscal year, the general fund reported an ending fund balance of \$1,162,642.
- As of the close of the 2025 fiscal year, the capital projects fund reported an ending fund balance of \$520,916. The total amount is assigned for capital projects.
- At the end of the 2025 fiscal year, total unassigned fund balance was 89% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances as a whole, in a manner similar to a private-sector business and includes two statements:

The *statement of net position* presents information on all of the District's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information reporting how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general and administrative activities, streets, and parks and recreation. Currently, the District has no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole.

Governmental Funds: The District's basic services are included in two governmental funds, General Fund and Capital Projects Fund, which focus on (1) how money flows into and out of the funds and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

Also, the District adopts an annual appropriated budget for the General fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget. A budgetary comparison schedule has been provided for the Capital Projects fund as well.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, total assets and deferred outflows exceeded liabilities and deferred inflows by \$6,151,374 as of December 31, 2025. 59% of the District's assets are its investment in capital assets.

Condensed Statement of Net Position

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 3,090,663	\$ 3,589,309
Capital assets, net depreciation	<u>4,467,816</u>	<u>3,942,084</u>
Total assets	<u>7,558,479</u>	<u>7,531,393</u>
Current liabilities	<u>86,454</u>	<u>219,867</u>
Total liabilities	<u>86,454</u>	<u>219,867</u>
Deferred inflows of resources:		
Unavailable property tax revenue	<u>1,320,651</u>	<u>1,312,271</u>
Net position:		
Net investment in capital assets	4,467,816	5,048,740
Restricted	47,100	47,100
Unrestricted	<u>1,636,458</u>	<u>903,415</u>
Total net position	<u>\$ 6,151,374</u>	<u>\$ 5,999,255</u>

Condensed Statement of Activities

	<u>2025</u>	<u>2024</u>
Revenues:		
Program revenues		
Charges for services	\$ -	\$ 1,350
Capital grants and contributions	63,878	49,202
General revenues:		
Property and other taxes	1,413,889	1,452,027
Other income	906	-
Interest income	<u>100,532</u>	<u>115,780</u>
Total revenues	<u>1,579,205</u>	<u>1,613,359</u>
Expenses:		
General government	444,041	348,119
Infrastructure operations and maintenance	46,659	56,142
Parks and recreation	<u>936,386</u>	<u>890,749</u>
Total expenses	<u>1,427,086</u>	<u>1,295,010</u>
Change in net position	152,119	323,349
Net position – beginning	<u>5,999,255</u>	<u>5,675,906</u>
Net position - ending	<u>\$ 6,151,374</u>	<u>\$ 5,999,255</u>

ANALYSIS OF THE DISTRICT’S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General fund is the operating fund of the District. The fund balance for the General fund was \$1,162,642 at the end of the 2025 fiscal year.

The Capital Projects fund is the special revenue fund of the District. The fund balance for the Capital Projects fund was \$520,916 at the end of the 2025 fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District’s General fund budget is prepared in accordance with state law. A resolution to amend the 2025 General fund budget was adopted during the 2025 fiscal year.

CAPITAL PROJECTS FUND BUDGETARY HIGHLIGHTS

The District’s Capital Projects fund budget is prepared in accordance with state law. No changes were made to the Capital Projects fund budget during the 2025 fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets for its governmental activities at the end of the 2024 fiscal year was as follows:

	<u>2025</u>	<u>2024</u>
Land improvements	\$ 1,721,275	\$ 1,721,275
Construction in progress	21,555	72,113
Water rights	702,285	702,285
Drainage/irrigation improvements	1,334,990	1,324,015
Parks and recreation facilities	4,041,896	3,316,687
Parking lot improvements	206,217	206,217
Accumulated depreciation	<u>(3,560,402)</u>	<u>(3,400,508)</u>
Capital assets, net	<u>\$ 4,467,816</u>	<u>\$ 3,942,084</u>

Major capital asset activities during the 2025 fiscal year included the purchase of \$725,209 for park and recreation facilities improvements and \$10,975 for drainage/irrigation improvements.

BUDGETARY AND ECONOMIC/ENVIRONMENTAL FACTORS

Budgetary Highlights- There was an amendment to the 2025 General fund budget during the 2025 fiscal year.

Economic and Environmental Factors – The District does not anticipate any economic or environmental factors will have significant impact on the District’s financial position and operations. However, various factors, namely potential regulatory policy and inflation and cost pressures will continue to shape long-term operations and financial stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide the District's taxpayers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact an official at the District's administration office, Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228 or phone (303) 987-0835.

BASIC FINANCIAL STATEMENTS

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

ASSETS

Cash and investments	\$ 1,761,188
Cash with county treasurer	8,436
Property taxes receivable	1,320,651
Prepaid items	388
Capital assets not being depreciated	2,445,115
Capital assets, net of accumulated depreciation/amortization	<u>2,022,701</u>
Total assets	<u>7,558,479</u>

LIABILITIES

Accounts payable and other accrued liabilities	<u>86,454</u>
Total liabilities	<u>86,454</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	<u>1,320,651</u>
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NET POSITION

Investment in capital assets	4,467,816
Restricted for:	
TABOR	47,100
Unrestricted	<u>1,636,458</u>
Total net position	<u><u>\$ 6,151,374</u></u>

The accompanying notes are an integral part of these financial statements.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 444,041	\$ -	\$ -	\$ -	\$ (444,041)
Infrastructure operations and maintenance	46,659	-	-	-	(46,659)
Parks and recreation	936,386	-	-	63,878	(872,508)
Total governmental activities	<u>\$ 1,427,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,878</u>	<u>(1,363,208)</u>
General revenues:					
Property and specific ownership taxes					1,413,889
Investment income					100,532
Other					<u>906</u>
Total general revenues					<u>1,515,327</u>
Change in net position					152,119
Net position - beginning					<u>5,999,255</u>
Net position - ending					<u>\$ 6,151,374</u>

The accompanying notes are an integral part of these financial statements.

**ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General Fund	Capital Projects Fund	Total
ASSETS			
Cash and investments	\$ 1,215,397	\$ 545,791	\$ 1,761,188
Cash with county treasurer	8,436	-	8,436
Property taxes receivable	1,320,651	-	1,320,651
Prepaid expenses	388	-	388
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,544,872</u>	<u>\$ 545,791</u>	<u>\$ 3,090,663</u>
LIABILITIES			
Accounts payable and other accrued liabilities	<u>\$ 61,579</u>	<u>\$ 24,875</u>	<u>\$ 86,454</u>
Total liabilities	<u>61,579</u>	<u>24,875</u>	<u>86,454</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	<u>1,320,651</u>	<u>-</u>	<u>1,320,651</u>
FUND BALANCES			
Nonspendable	388	-	388
Restricted for:			
TABOR	47,100	-	47,100
Assigned for capital projects	-	520,916	520,916
Unassigned	<u>1,115,154</u>	<u>-</u>	<u>1,115,154</u>
Total fund balances	<u>1,162,642</u>	<u>520,916</u>	<u>1,683,558</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,544,872</u>	<u>\$ 545,791</u>	<u>\$ 3,090,663</u>

The accompanying notes are an integral part of these financial statements.

**ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025**

Total Fund Balance of Governmental Funds	\$ 1,683,558
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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.	<u>4,467,816</u>
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Net position of governmental activities	<u><u>\$ 6,151,374</u></u>
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The accompanying notes are an integral part of these financial statements.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Capital Projects Fund	Total
REVENUES			
Property taxes	\$ 1,312,884	\$ -	\$ 1,312,884
Specific ownership taxes	101,005	-	101,005
Conservation trust funds	-	43,878	43,878
Grant Income	-	20,000	20,000
Interest income	55,743	44,789	100,532
Other	906	-	906
Total revenues	1,470,538	108,667	1,579,205
EXPENDITURES			
General administration	427,992	16,049	444,041
Infrastructure operations and maintenance	44,486	2,173	46,659
Parks and recreation	785,043	2,743	787,786
Capital outlay	-	674,332	674,332
Total expenditures	1,257,521	695,297	1,952,818
Excess (deficiency) of revenues over expenditures	213,017	(586,630)	(373,613)
OTHER FINANCING (USES) SOURCES			
Transfers (out) in	(890)	890	-
Net change in fund balances	212,127	(585,740)	(373,613)
Fund balance - beginning	950,515	1,106,656	2,057,171
Fund balance - ending	<u>\$ 1,162,642</u>	<u>\$ 520,916</u>	<u>\$ 1,683,558</u>

The accompanying notes are an integral part of these financial statements.

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

Net Change in Fund Balances - Total Governmental Funds	\$ (373,613)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlay as expenditures,
but in the statement of activities, these costs are allocated
over their estimated useful lives as depreciation:

Capital outlays	\$ 685,626	
Depreciation expense	<u>(159,894)</u>	<u>525,732</u>

Change in net position of governmental activities	<u><u>\$ 152,119</u></u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Roxborough Village Metropolitan District (the “District”) is a quasi-municipal corporation and political subdivision of the State of Colorado organized by order and decree of the District Court of Douglas County on July 10, 1985, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by Douglas County on April 30, 1985, amended several times to date. The District's service area is located in Douglas County, Colorado. As set forth in its 2015 Amended and Restated Service Plan, the District is authorized to provide the following services: mosquito control, parks and recreation, traffic safety protection, and street improvements as set forth in C.R.S. § 32-1-103.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Based on the application of these criteria, the District does not include additional organizations within its reporting entity.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental funds:

- The *General Fund* is the general operating fund of the District, used for all financial resources except those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for the accumulation of resources for, and the addition and replacement of, capital assets and infrastructure.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The 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 period or soon enough thereafter to pay liabilities of the current fiscal 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than \$15,000 are reported as capital assets.

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and they are not included in the calculation of net investment in capital assets.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land improvements, water rights, and construction in progress are not depreciated. The other tangible and intangible assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Drainage/irrigation improvements	15 - 20 years
Park and recreation facilities	10 - 20 years
Parking lot improvements	20 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and charges to customers 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. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Property taxes

Property taxes are levied and collected one year in arrears, meaning that property taxes collected in fiscal year 2025 were generated from the mill levy the District assessed on taxable property within its jurisdiction on January 1, 2024. Property taxes attach as an enforceable lien on real property at the time they are levied. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The County Treasurer bills and collects the District’s property tax. District property tax revenues are recognized when levied to the extent they result in current receivables. The mill levy for general operating expenses for the year ended December 31, 2025 was 12.087 mills. The District’s assessed valuation for 2025 was \$108,568,800.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statutes for all funds. During October, management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Prior to December 15, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual are the result of the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2025 is as follows:

Deposits	\$ 47,608
Investments	<u>1,713,580</u>
Total	<u>\$ 1,761,188</u>

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash deposits with financial institutions

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

At December 31, 2025 the carrying amount of the District's deposits was \$47,608 and the bank balances were \$55,718. All of the bank balances were covered by FDIC insurance.

Investments

The District is required to comply with State statutes that specify investment instruments meeting defined rating maturity and concentration risk criteria in which local governments may invest, which include the following.

- Obligations of the United States and certain U.S. government agencies' securities;
- Certain international agencies' securities
- General obligation and revenue bonds of U.S. local government entities;
- Bankers' acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market fund;
- Guaranteed investment contracts.

At December 31, 2025 the District's investment balances were as follows:

<u>Investment Type</u>	<u>Year-end Balance</u>	<u>Measurement</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>
ColoTrust	\$ 1,713,580	Net asset value	Less than 90 days	AAAm

Local Government Investment Pools. The Colorado Local Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pools, which operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the District has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and District policy limit investments to those described above.

Fair value of investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

District investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

The composition of interfund transfers for the year ended December 31, 2025 is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ -	\$ 890
Capital Projects Fund	890	-
	<u>\$ 890</u>	<u>\$ 890</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities</i>				
Capital assets, not being depreciated:				
Land improvements	\$ 1,721,275	\$ -	\$ -	\$ 1,721,275
Water rights	702,285	-	-	702,285
Construction in progress	72,113	22,906	(73,464)	21,555
Total capital assets, not being depreciated	<u>2,495,673</u>	<u>22,906</u>	<u>(73,464)</u>	<u>2,445,115</u>
Capital assets, being depreciated				
Drainage/irrigation improvements	1,324,015	10,975	-	1,334,990
Park and recreation facilities	3,316,687	725,209	-	4,041,896
Parking lot improvements	206,217	-	-	206,217
Total capital assets, being depreciated	<u>4,846,919</u>	<u>736,184</u>	<u>-</u>	<u>5,583,103</u>
Less accumulated depreciation for:				
Drainage/irrigation improvements	(835,688)	(61,662)	-	(897,350)
Park and recreation facilities	(2,467,436)	(87,921)	-	(2,555,357)
Parking lot improvements	(97,384)	(10,311)	-	(107,695)
Total accumulated depreciation	<u>(3,400,508)</u>	<u>(159,894)</u>	<u>-</u>	<u>(3,560,402)</u>
Total capital assets, being depreciated, net	<u>1,446,411</u>	<u>576,290</u>	<u>-</u>	<u>2,022,701</u>
Total governmental activities capital assets	<u>\$ 3,942,084</u>	<u>\$ 599,196</u>	<u>\$ (73,464)</u>	<u>\$ 4,467,816</u>

Depreciation expense was charged to the functions/programs of the governmental activities of the District as follows:

Governmental Activities

Parks and recreation \$ 159,894

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2025. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and worker's 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 7 – COMMITMENTS AND CONTINGENCIES

Inclusion and Reimbursement Agreement

On December 2, 1999, a parcel of land (commonly known as Chatfield Farms) was included into the District. This land is subject to all property taxes levied by the District, including debt service taxes. As part of the inclusion of the property, the District entered into an Inclusion and Reimbursement Agreement ("Agreement") with the owner of Chatfield Farms. Under the Agreement, the District may reimburse the owner for the costs of specifically described park, trail and landscaping improvements (not to exceed \$1,209,200), after such improvements have been constructed by the landowner and accepted for maintenance by the District. The District is only obligated to reimburse the owner if annual property tax revenue generated from Chatfield Farms exceeds related annual maintenance, administrative and capital reserve costs (Related Costs). If any year's property tax revenues are insufficient to pay for the Related Costs, the District may recover such shortfalls from future property tax revenue. Interest on unreimbursed costs to the owner and interest on any shortfalls in the District's Related Costs will each accrue interest at the rate of six percent (6%) per annum. Any unpaid reimbursement amounts and accrued thereon which are not paid on or before August 10, 2029, shall be forgiven, and the District shall have no further obligation or liability with respect to such reimbursements or interest thereon.

In 2012, the District accepted \$359,615 in public improvements constructed by the owner of Chatfield Farms. The District made no payment in 2025 and has not budgeted payment in 2026. As of December 31, 2025, there were no amounts outstanding under the Agreement.

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 – AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 6, 2001, a majority of the District's electors authorized the District to collect and spend or retain in a reserve the full amount of revenue generated from all sources during 2002 and subsequent years.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or increases to expenditures. At December 31, 2025 there is a \$47,100 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 9 – STATUTORY LAWS AFFECTING PROPERTY TAX REVENUES

In 2024 the Colorado Legislature enacted, and the Governor signed into law, Senate Bill 24-233, which imposed certain reductions in the residential assessment rates on which property taxes are calculated, effectively reducing the amount of residential property taxes received by local governments, including the District. During a 2024 Special Legislative Session, the Colorado Legislature enacted, and the Governor signed into law, House Bill 24B-1001, which imposed further reductions in the residential assessment rates and, for the first time since 1982, reductions in the nonresidential (commercial) assessment rates. House Bill 24B-1001 also imposed on local governments, including the District, an annual property tax revenue growth cap of 5.25% or 10.5% over the two-year assessment cycle. Both laws are complex individually and together. Individually or combined they may adversely impact the property tax revenue the District may receive future years.

REQUIRED SUPPLEMENTARY INFORMATION

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes	\$ 1,313,340	\$ 1,313,341	\$ 1,312,884	\$ (457)
Specific ownership taxes	77,925	77,925	101,005	23,080
Fees	2,200	2,200	-	(2,200)
Interest income	48,082	48,082	55,743	7,661
Other	-	-	906	906
Total revenues	<u>1,441,547</u>	<u>1,441,548</u>	<u>1,470,538</u>	<u>28,990</u>
EXPENDITURES				
General administration	470,541	470,541	427,992	42,549
Infrastructure operations and maintenance	289,925	500,381	44,486	455,895
Parks and recreation	418,349	475,178	785,043	(309,865)
Chatfield Farms reserve funding	<u>39,960</u>	<u>39,960</u>	<u>-</u>	<u>39,960</u>
Total expenditures	<u>1,218,775</u>	<u>1,486,060</u>	<u>1,257,521</u>	<u>228,539</u>
Excess (deficiency) of revenues over expenditures	222,772	(44,512)	213,017	257,529
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(222,772)</u>	<u>44,512</u>	<u>(890)</u>	<u>(45,402)</u>
Net change in fund balance	-	-	212,127	212,127
Fund balance - beginning	<u>882,671</u>	<u>882,671</u>	<u>950,515</u>	<u>67,844</u>
Fund balance - ending	<u>\$ 882,671</u>	<u>\$ 882,671</u>	<u>\$ 1,162,642</u>	<u>\$ 279,971</u>

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

ROXBOROUGH VILLAGE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Conservation trust funds	\$ 46,200	\$ 43,878	\$ (2,322)
Grant Income	50,000	20,000	(30,000)
Interest income	65,329	44,789	(20,540)
	<u>161,529</u>	<u>108,667</u>	<u>(52,862)</u>
EXPENDITURES			
General administration	13,431	16,049	(2,618)
Infrastructure operations and maintenance	-	2,173	(2,173)
Parks and recreation	850	2,743	(1,893)
Capital outlay	969,500	674,332	295,168
	<u>983,781</u>	<u>695,297</u>	<u>288,484</u>
Excess (deficiency) of revenues over expenditures	(822,252)	(586,630)	235,622
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	222,772	890	(221,882)
Net change in fund balance	(599,480)	(585,740)	13,740
Fund balance - beginning	1,231,613	1,106,656	(124,957)
Fund balance - ending	<u>\$ 632,133</u>	<u>\$ 520,916</u>	<u>\$ (111,217)</u>

See the accompanying Independent Auditors' Report.