SECOND CREEK RANCH METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

SECOND CREEK RANCH METROPOLITAN DISTRICT
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Board of Directors
Second Creek Ranch Metropolitan District
Adams County, Colorado

Independent Auditor's Report

Opinions

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

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

Basis for Opinions

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

Correction of Error

As discussed in Note 12 to the financial statements, certain errors resulting in the misclassification of certain capital asset balances and understatement of accumulated depreciation as of December 31, 2024, were discovered by the District during the current year. Accordingly, beginning balances reported for capital assets and accumulated depreciation have been restated in the 2025 financial statements. The restatement did not change fund balances, as the adjustment only impacted government-wide statements. Our opinion is not modified with respect to that matter.

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 (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Denver, Colorado

July 30, 2026

BASIC FINANCIAL STATEMENTS

SECOND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 29,415
Cash and Investments - Restricted	1,578,264
Accounts Receivable	97,438
Receivable from County Treasurer	9
Due from Other Districts	34,331
Prepaid Expenses	102,936
Property Taxes Receivable	2,614
Capital Assets, Not Being Depreciated	29,000,542
Capital Assets, Net	14,224,422
Total Assets	45,069,971
LIABILITIES	
Accounts Payable	2,375,247
PIFA Deposits	1,267,808
Retainage Payable	325,716
Deferred Revenue	15,234
Payroll Taxes Payable	31
Noncurrent Liabilities:	
Due in More Than One Year	24,015,142
Total Liabilities	27,999,178
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	2,614
Total Deferred Inflows of Resources	2,614
NET POSITION	
Net Investment in Capital Assets	(3,062,999)
Restricted for:	
Emergency Reserves	71,400
Unrestricted	20,059,778
Total Net Position	$ 17,068,179

See accompanying Notes to Basic Financial Statements.

SECOND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Change 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	$ 4,398,343	$ 1,060,060	$ 1,282,354	$ 1,777,422	$ (278,507)
Interest and Related Costs on Long-Term Debt	2,040,814	-	-	15,920,949	13,880,135
Transfer of Public Improvements to Another Government	2,090,892	-	-	-	(2,090,892)
Total Governmental Activities	$ 8,530,049	$ 1,060,060	$ 1,282,354	$ 17,698,371	11,510,736
GENERAL REVENUES					
Property Taxes					2,520
Specific Ownership Taxes					125
Net Investment Income					21,815
Other Revenue					30,267
Total General Revenues					54,727
CHANGE IN NET POSITION					11,565,463
Net Position - Beginning of Year as Restated					5,502,716
NET POSITION - END OF YEAR					$ 17,068,179

See accompanying Notes to Basic Financial Statements.

SECOND CREEK RANCH METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Reserve	Carriage House	Active Adult Clubhouse	Traditional Amenity	PIFA	Capital Projects	Total Governmental Funds
ASSETS								
Cash and Investments	$ 29,415	$ -	$ -	$ -	$ -	$ -	$ -	$ 29,415
Cash and Investments - Restricted	39,600	16,309	199,061	7,340	43,272	1,267,808	4,874	1,578,264
Accounts Receivable	-	3,672	60,270	4,141	29,355	-	-	97,438
Receivable from County Treasurer	9	-	-	-	-	-	-	9
Prepaid Expenses	97,122	-	-	5,814	-	-	-	102,936
Property Taxes Receivable	2,614	-	-	-	-	-	-	2,614
Due from Other Districts	34,331	-	-	-	-	-	-	34,331
Total Assets	$ 203,091	$ 19,981	$ 259,331	$ 17,295	$ 72,627	$ 1,267,808	$ 4,874	$ 1,845,007
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	$ 164,445	$ 57,369	$ 40,573	$ 89,074	$ 128,263	$ -	$ 1,895,523	$ 2,375,247
Retainage Payable	-	-	-	-	-	-	325,716	325,716
Deferred Revenue	1,460	2,690	6,538	3,034	1,512	-	-	15,234
Payroll Taxes Payable	31	-	-	-	-	-	-	31
PIFA Deposits	-	-	-	-	-	1,267,808	-	1,267,808
Total Liabilities	165,936	60,059	47,111	92,108	129,775	1,267,808	2,221,239	3,984,036
DEFERRED INFLOWS OF RESOURCES								
Property Tax Revenue	2,614	-	-	-	-	-	-	2,614
Total Deferred Inflows of Resources	2,614	-	-	-	-	-	-	2,614
FUND BALANCES (Deficits)								
Nonspendable:								
Prepaid Expenses	97,122	-	-	5,814	-	-	-	102,936
Restricted for:								
Emergency Reserves	39,600	7,600	12,700	8,800	2,700	-	-	71,400
Assigned to:								
Carriage House Operations	-	-	199,520	-	-	-	-	199,520
Unassigned:								
General Government	(102,181)	(47,678)	-	(89,427)	(59,848)	-	(2,216,365)	(2,515,499)
Total Fund Balances (Deficits)	34,541	(40,078)	212,220	(74,813)	(57,148)	-	(2,216,365)	(2,141,643)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 203,091	$ 19,981	$ 259,331	$ 17,295	$ 72,627	$ 1,267,808	$ 4,874	
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.								
Capital Assets, Net								43,224,964
Long-term liabilities, including Developer advances payable are not due and payable in the current period and, therefore, are not reported in the funds.								
Developer Advance Payable								(23,340,762)
Developer Advance Interest Payable								(674,380)
Net Position of Governmental Activities								$ 17,068,179

See accompanying Notes to Basic Financial Statements.

SECOND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Reserve	Carriage House	Active Adult Clubhouse	Traditional Amenity	PIFA	Capital Projects	Total Governmental Funds
REVENUES								
Property Taxes	$ 2,520	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,520
Specific Ownership Tax	125	-	-	-	-	-	-	125
Design Fees	8,500	-	-	-	-	-	-	8,500
Intergovernmental Revenues	1,278,772	-	-	-	-	-	15,929,648	17,208,420
Net Investment Income	5,965	-	-	-	-	-	15,850	21,815
Other Revenue	24,172	-	-	5,845	250	-	-	30,267
Service Fees	-	252,553	424,574	285,183	89,250	-	-	1,051,560
Insurance Proceeds	-	-	-	3,582	-	-	-	3,582
Total Revenues	1,320,054	252,553	424,574	294,610	89,500	-	15,945,498	18,326,789
EXPENDITURES								
General and Administrative	596,259	339,908	118,740	384,519	80,525	-	876,430	2,396,381
Operations and Maintenance	828,426	221,647	199,387	256,677	66,123	-	-	1,572,260
Capital Projects	-	-	-	-	-	-	13,772,523	13,772,523
Total Expenditures	1,424,685	561,555	318,127	641,196	146,648	-	14,648,953	17,741,164
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(104,631)	(309,002)	106,447	(346,586)	(57,148)	-	1,296,545	585,625
OTHER FINANCING SOURCES								
Developer Advance	275,928	392,181	-	444,208	-	-	14,101,430	15,213,747
Repay Developer Advance	-	-	-	-	-	-	(15,920,949)	(15,920,949)
Total Other Financing Sources	275,928	392,181	-	444,208	-	-	(1,819,519)	(707,202)
NET CHANGE IN FUND BALANCES (DEFICITS)	171,297	83,179	106,447	97,622	(57,148)	-	(522,974)	(121,577)
Fund Balances (Deficits) - Beginning of Year	(136,756)	(123,257)	105,773	(172,435)	-	-	(1,693,391)	(2,020,066)
FUND BALANCES (DEFICITS) - END OF YEAR	$ 34,541	$ (40,078)	$ 212,220	$ (74,813)	$ (57,148)	$ -	$ (2,216,365)	$ (2,141,643)

See accompanying Notes to Basic Financial Statements.

SECOND CREEK RANCH 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 - Governmental Funds	$ (121,577)
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.	
Capital Outlay	13,772,523
Depreciation	(429,702)
Transfer of Public Improvements from Other Governments	1,768,723
Transfer of Public Improvements to Other Governments	(2,090,892)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Developer Advance	(15,213,747)
Repay Developer Advance Principal	13,442,139
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Developer Advance - Change in Liability	437,996
Change in Net Position of Governmental Activities	$ 11,565,463

See accompanying Notes to Basic Financial Statements.

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

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 2,520	$ 2,520	$ 2,520	$ -
Specific Ownership Taxes	126	125	125	-
Design Fees	1,000	8,500	8,500	-
Intergovernmental Revenues	1,276,203	1,278,772	1,278,772	-
Other Revenue	5,000	43,446	24,172	(19,274)
Net Investment Income	1,500	5,965	5,965	-
Total Revenues	1,286,349	1,339,328	1,320,054	(19,274)
EXPENDITURES				
General and Administrative:				
Accounting	151,000	160,500	160,074	426
Auditing	14,000	14,830	14,830	-
Contingency	-	15,104	-	15,104
County Treasurer's Fee	38	38	38	-
Directors' Fees	1,200	400	400	-
District Management	145,000	161,900	161,747	153
Dues and Licenses	2,700	2,049	2,049	-
Election	25,000	16,934	16,933	1
Insurance	88,000	34,351	34,351	-
Legal	213,250	200,700	200,175	525
Miscellaneous	1,500	13	13	-
Payroll Taxes	92	31	31	-
Website Management	10,000	5,700	5,618	82
Operations and Maintenance:				
Architectural Control/Community Services	65,000	73,200	73,114	86
Covenant Enforcement	40,000	35,900	35,778	122
Covenant Control - Collections	5,000	9,400	9,311	89
Covenant Control - Legal	10,000	40,300	40,227	73
Dog Waste Stations	-	6,100	6,018	82
Events	5,000	-	-	-
Fence and Sign Maintenance	5,000	6,000	5,971	29
Infrastructure Audit	3,000	-	-	
Irrigation Repairs	20,000	60,700	60,668	32
Landscape Maintenance	110,000	112,600	112,501	99
Landscape Repairs	5,000	-	-	-
Plant Material Replacement	75,000	55,000	54,273	727
Ponds - Chemical Water Maintenance	15,000	7,100	7,017	83
Ponds - Landscape Maintenance	10,000	-	-	-
Ponds - Scada	5,000	-	-	-
Ponds - Utilities - Electric	5,000	5,100	5,046	54
Ponds - Water System Maintenance	5,000	-	-	-
Ponds - Water Well Maintenance	5,000	-	-	-
Repairs and Maintenance	5,000	6,750	5,864	886
Snow Removal	20,000	23,500	23,480	20
Street Repairs and Maintenance	10,000	-	-	-
Utilities - Electricity	1,000	5,200	5,070	130
Utilities - Irrigation	165,000	364,500	364,188	312
Utilities - Storm Drainage	1,000	-	-	-
Utility Locates	500	7,900	7,756	144
Water Rights Administration	30,000	12,200	12,144	56
Total Expenditures	1,272,280	1,444,000	1,424,685	19,315

See accompanying Notes to Basic Financial Statements.

SECOND CREEK RANCH METROPOLITAN DISTRICT
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 14,069	$ (104,672)	$ (104,631)	$ 41
OTHER FINANCING SOURCES				
Developer Advance	-	275,928	275,928	-
Total Other Financing Sources	-	275,928	275,928	-
NET CHANGE IN FUND BALANCE	14,069	171,256	171,297	41
Fund Balance (Deficit) - Beginning of Year	28,000	(136,756)	(136,756)	-
FUND BALANCE - END OF YEAR	$ 42,069	$ 34,500	$ 34,541	$ 41

See accompanying Notes to Basic Financial Statements.

SECOND CREEK RANCH METROPOLITAN DISTRICT
RESERVE 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			
Service Fees	$ 234,547	$ 252,553	$ 18,006
Total Revenues	234,547	252,553	18,006
EXPENDITURES			
General and Administrative:			
Accounting	26,250	36,324	(10,074)
Billing	32,000	62,662	(30,662)
Contingency	5,500	-	5,500
District Management	120,000	145,023	(25,023)
Legal	57,750	95,446	(37,696)
Miscellaneous	1,500	453	1,047
Operations and Maintenance:			
Gate Maintenance and Repairs	25,000	7,542	17,458
Irrigation Repairs	10,500	6,998	3,502
Landscape Maintenance - Front Yards	75,000	78,517	(3,517)
Other Maintenance and Repairs	1,500	3,686	(2,186)
Plant Material and Tree Replacement	25,000	15,706	9,294
Snow Removal - Driveways	163,370	57,225	106,145
Snow Removal - Streets	15,000	15,054	(54)
Trash Removal	33,000	36,919	(3,919)
Total Expenditures	591,370	561,555	29,815
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(356,823)	(309,002)	47,821
OTHER FINANCING SOURCES			
Developer Advance	359,323	392,181	32,858
Total Other Financing Sources	359,323	392,181	32,858
NET CHANGE IN FUND BALANCE	2,500	83,179	80,679
Fund Balance (Deficit) - Beginning of Year	4,600	(123,257)	(127,857)
FUND BALANCE (DEFICIT) - END OF YEAR	$ 7,100	$ (40,078)	$ (47,178)

See accompanying Notes to Basic Financial Statements.

SECOND CREEK RANCH METROPOLITAN DISTRICT
CARRIAGE HOUSE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Service Fees	$ 402,024	$ 424,574	$ 22,550
Total Revenues	402,024	424,574	22,550
EXPENDITURES			
General and Administrative:			
Accounting	21,000	16,646	4,354
Billing	38,500	49,041	(10,541)
Contingency	5,000	-	5,000
District Management	52,000	53,053	(1,053)
Fee Collections	5,000	-	5,000
Insurance	1,000	-	1,000
Miscellaneous	1,000	-	1,000
Operations and Maintenance:			
Covenant Control	5,000	713	4,287
Fencing Repairs	5,000	-	5,000
Irrigation Repairs	15,000	14,958	42
Landscape Maintenance - Front Yards	75,000	112,389	(37,389)
Other Maintenance and Repairs	5,000	38	4,962
Plant Material Replacement	25,000	19,125	5,875
Snow Removal	85,000	51,264	33,736
Sewer/ Water/ Paver Repairs	10,000	-	10,000
Utilities - Electricity	1,000	900	100
Winter Watering	2,000	-	2,000
Total Expenditures	351,500	318,127	33,373
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50,524	106,447	55,923
Fund Balance - Beginning of Year	83,187	105,773	22,586
FUND BALANCE - END OF YEAR	$ 137,411	$ 212,220	$ 74,809

See accompanying Notes to Basic Financial Statements.

SECOND CREEK RANCH METROPOLITAN DISTRICT
ACTIVE ADULT CLUBHOUSE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Service Fees	$ 268,683	$ 297,773	$ 285,183	$ (12,590)
Other Revenue	-	4,000	5,845	1,845
Insurance Proceeds	-	3,582	3,582	-
Total Revenues	268,683	305,355	294,610	(10,745)
EXPENDITURES				
General and Administrative:				
Community Teams Support	3,000	1,500	221	1,279
Events and Activities Programming	65,104	65,000	44,370	20,630
General Office Supplies/Postage	500	500	-	500
Janitorial Supplies	2,000	2,500	2,863	(363)
Lifestyle Services - Full Time Staff	297,631	295,100	283,520	11,580
Lifestyle Services - Part Time Staff	39,004	45,000	40,922	4,078
Meeting Supplies	2,000	5,000	3,957	1,043
Member Website/Program Licenses	3,000	3,000	1,883	1,117
Miscellaneous	3,000	500	28	472
Office Equipment/Supplies/Repair	500	500	-	500
Security/Fire Alarm Monitoring	1,250	7,000	6,755	245
Operations and Maintenance:				
Building Repairs	30,000	27,000	29,061	(2,061)
Cleaning Services	28,500	32,000	30,718	1,282
Fitness Equipment Maintenance	7,500	4,000	1,424	2,576
Fitness Equipment Replacement	2,500	1,500	-	1,500
HVAC	2,500	2,500	1,124	1,376
Landscape Maintenance - Common Areas	20,000	9,000	7,682	1,318
Pest Control	8,500	10,000	8,559	1,441
Pool Contract	6,000	25,000	25,000	-
Pool Repairs and Maintenance	5,000	11,000	9,487	1,513
Pool and Spa Chemicals	6,500	4,000	1,513	2,487
Pool and Spa Utilities - Gas	12,000	10,000	2,788	7,212
Pool and Spa Utilities - Electricity	-	700	474	226
Pool and Spa Utilities - Water	8,000	6,000	7,402	(1,402)
Spa Contract	45,600	24,700	25,900	(1,200)
Spa Repairs and Maintenance	-	25,000	22,684	2,316
Snow Removal	15,000	21,000	10,424	10,576
Trash Removal	2,750	3,000	2,704	296
Utilities - Electricity	30,000	21,000	22,896	(1,896)
Utilities - Gas	8,000	5,000	4,862	138
Utilities - Phone/Internet/Cable	15,100	15,000	13,406	1,594
Utilities - Water/Storm/Sewer	7,000	19,000	28,569	(9,569)
Total Expenditures	677,439	702,000	641,196	60,804
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(408,756)	(396,645)	(346,586)	50,059
OTHER FINANCING SOURCES				
Developer Advance	413,756	597,280	444,208	(153,072)
Total Other Financing Sources	413,756	597,280	444,208	(153,072)
NET CHANGE IN FUND BALANCE	5,000	200,635	97,622	(103,013)
Fund Balance (Deficit) - Beginning of Year	3,100	(172,435)	(172,435)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ 8,100	$ 28,200	$ (74,813)	$ (103,013)

See accompanying Notes to Basic Financial Statements.

SECOND CREEK RANCH METROPOLITAN DISTRICT
TRADITIONAL AMENITY 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			
Service Fees	$ 284,350	$ 89,250	$ (195,100)
Other Revenue	-	250	250
Total Revenues	284,350	89,500	(194,850)
EXPENDITURES			
General and Administrative:			
Accounting	-	2,541	(2,541)
Billing	20,000	16,083	3,917
Facilities Management	68,750	61,901	6,849
Operations and Maintenance:			
Access Control	6,600	-	6,600
Events	2,750	780	1,970
Facilities Cleaning	16,500	3,391	13,109
Facilities Operations and Maintenance	16,500	27,634	(11,134)
Furniture and Equipment	11,000	9,856	1,144
Facilities General Repairs	1,375	2,560	(1,185)
Grounds Repair	825	-	825
Landscape Maintenance	4,125	-	4,125
Lifeguards	41,250	-	41,250
Pool Operations and Maintenance	19,250	9,555	9,695
Pool Chemicals	7,150	786	6,364
Pool Cleaning	5,500	-	5,500
Pool Equipment and Supplies	5,500	482	5,018
Pool Repairs	2,750	-	2,750
Pool Utilities	11,000	-	11,000
Security Systems and Monitoring	19,250	104	19,146
Snow Removal	4,125	75	4,050
Utilities	11,000	10,900	100
Total Expenditures	275,200	146,648	128,552
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,150	(57,148)	(66,298)
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ 12,850	$ (57,148)	$ (69,998)

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Second Creek Ranch Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County on September 11, 1985, 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 Adams County, Colorado. The District was established to provide construction, installation, financing, and operation of public improvements, including street improvements, park and recreational facilities, water, sanitary sewer, and storm drainage, within and without the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental 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 a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. 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 of resources and the sum of liabilities and deferred inflows of resources 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 expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

The Reserve Fund accounts for service fees collected from property owners and payments for operations and maintenance related to The Reserve Community.

The Carriage House Fund accounts for service fees collected from property owners and payments for operations and maintenance related to the Carriage House Filings.

The Active Adult Clubhouse Fund accounts for service fees collected from property owners and payments for operations and maintenance related to the Active Adult Clubhouse within The Reserve.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Traditional Amenity Fund accounts for service fees collected from property owners and payments for operations and maintenance related to the Traditional Amenity within The Traditional Community.

The PIFA Fund is used to account for fees collected from developers to be used for the funding of public improvements by the City or the District or disbursed to the developers after the completion of the applicable public improvements, as applicable.

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 financial uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget twice 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.

Property Taxes

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets being constructed which are anticipated to be conveyed to other governmental entities or to be owned by the District are recorded as construction in progress and are not included in the calculation of the net investment in capital assets.

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

Active Adult Clubhouse and Pool	30 Years
Traditional Amenity and Pool	30 Years
Landscape Improvements	15 Years

Service and Amenity Fees

Additional monthly fees are imposed on each property unit, or imposed annually for individuals, to fund the cost of operating and maintaining certain public improvements and providing certain services, including but not limited to, common landscaping, and clubhouse and pool amenities

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 assets 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, *property tax revenue,* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Deficits

The Reserve, Active Adult Clubhouse, Traditional Amenity, and Capital Projects Funds reported deficits in the fund financial statements as of December 31, 2025. The deficits will be eliminated with the receipt of Developer advances 2026.

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)

Net Position (Continued)

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.

Implementation of New Accounting Standard

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standard (Continued)

The District implemented 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	$	29,415
Cash and Investments – Restricted		1,578,264
Total Cash and Investments	$	1,607,679

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

Deposits with Financial Institutions	$	1,483,047
Investments		124,632
Total Cash and Investments	$	1,607,679

Deposits with Financial Institutions

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

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

On December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of $1,483,047.

Investments

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk 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 and 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 Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	$ 123,571
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	1,061
Total		$ 124,632

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

CSAFE CASH FUND operations are similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601, CRS, 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 Section 24-75-601, C.R.S.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

COLOTRUST

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.

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 Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated 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

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

	Balance at December 31, 2024 - Restated	Additions	Retirements/ Transfers	Balance at December 31, 2025
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 23,097,803	$ 13,772,523	$ 7,869,784	$ 29,000,542
Total Capital Assets, Not Being Depreciated	23,097,803	13,772,523	7,869,784	29,000,542
Capital Assets, Being Depreciated				
Active Adult Clubhouse and Pool	7,614,117	-	-	7,614,117
Traditional Amenity and Pool	-	5,778,892	-	5,778,892
Landscape Improvements	-	1,768,723	-	1,768,723
Total Capital Assets, Being Depreciated	7,614,117	7,547,615	-	15,161,732
Less: Accumulated Depreciation For:				
Active Adult Clubhouse and Pool	507,608	253,804	-	761,412
Traditional Amenity and Pool	-	48,157	-	48,157
Landscape Improvements	-	127,741	-	127,741
Total Accumulated Depreciation	507,608	429,702	-	937,310
Total Capital Assets, Being Depreciated, Net	7,106,509	7,117,913	-	14,224,422
Governmental Activities - Capital Assets, Net	$ 30,204,312	$ 20,890,436	$ 7,869,784	$ 43,224,964

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

Governmental Activities:	
General Government	$ 429,702

In 2025, $2,090,892 in certain capital assets constructed by the District were transferred to the City of Aurora.

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2024	Additions	Reductions	Balance - December 31, 2025	Due Within One Year
Governmental Activities:					
Developer Advances:					
Operations	$ 2,556,987	$ 1,112,317	$ -	$ 3,669,304	$ -
Capital	19,012,167	14,101,430	13,442,139	19,671,458	-
Accrued Interest on Developer Advance					
Operations	347,984	255,474	-	603,458	-
Capital	764,392	1,785,340	2,478,810	70,922	-
Total Bonds Payable	$ 22,681,530	$ 17,254,561	$ 15,920,949	$ 24,015,142	$ -

The details of the District's long-term obligations are described in Note 7.

Authorized Debt

On November 4, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $6,348,705,000 at an interest rate not to exceed 18% per annum. At December 31, 2025, the District had authorized but unissued indebtedness of $6,348,705,000.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investment in capital assets of $(3,062,999).

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

Restricted Net Position:	
Emergency Reserves	$ 71,400
Total Restricted Net Position	$ 71,400

NOTE 6 NET POSITION (CONTINUED)

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 7 RELATED PARTIES

Certain property within the District, that has not been sold to individual residential purchasers or conveyed to appropriate entities for ownership, operation, and maintenance is owned by and is being developed by Clayton Properties Group Inc., a Tennessee corporation doing business as Oakwood Homes (the Developer). The majority of members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Advance and Reimbursement Agreement (Operations and Maintenance Expenses)

On February 23, 2023, the District entered into an Advance and Reimbursement Agreement (Operations and Maintenance Expenses) to repay advances made by the Developer for operations costs. The District agreed to repay the Developer for such operations advances plus accrued interest at the rate of 8%. Under the agreement, the previous operations advances were acknowledged. As of December 31, 2025, the amount outstanding under the Advance and Reimbursement Agreement (Operations and Maintenance Expenses) totaled $4,272,762, comprised of principal of $3,669,304 and accrued interest of $603,458.

Advance and Reimbursement Agreement (Capital Expenses)

On May 26, 2023, the District entered into an Advance and Reimbursement Agreement for District Funded Public Improvement Contracts (Capital Expenses) with the Developer (Construction Agreement). The District currently has insufficient funds to finance the construction of certain public improvements that the District entered into via contracts for construction. The Developer determined to advance funds directly to the District for payment of the construction contracts that the District has entered into. This Construction Agreement shall only be applicable to advances made to the District for public improvements constructed pursuant to a contract or contracts awarded by the District.

The Developer agrees to advance funds under the Construction Agreement up to a maximum amount of $10,061,471. Concurrently with the execution of the Construction Agreement, the Developer delivered to the District irrevocable letters of credit naming the District as sole beneficiary for contracts that the District entered into. Letters of credit will also be provided from time to time for other necessary public improvements that the District determines to construct. Subject to annual appropriation, advances shall bear simple interest at the rate of 7% per annum from the date of each advance. The Construction Agreement shall expire 40 years after the effective date, and any amount of principal and interest outstanding on such date shall forever be discharged. As of December 31, 2025, the amount outstanding under the Construction Agreement totaled $19,742,380, comprised of principal of $19,671,458 and accrued interest of $70,922.

NOTE 8 AGREEMENTS

IGAs Concerning District Operations and Funding

On July 15, 2020, the District entered into an Intergovernmental Agreement Concerning District Operations and Funding (Operations and Funding IGA) with Green Valley Ranch East Metropolitan District No. 6 (GVRE6), Green Valley Ranch East Metropolitan District No. 7 (GVRE7), Green Valley Ranch East Metropolitan District No. 8 (GVRE8), and Central Adams County Water and Sanitation District (CACWSD) (collectively, the IGA Districts). The Operations and Funding IGA sets forth the IGA Districts' respective roles, responsibilities, and obligations with respect to the provision of administrative services, ownership, operation, and maintenance of public improvements and funding of the same, and to reflect agreed upon limitations of certain fees of the IGA Districts.

The IGA Districts agree that the net proceeds of bonds or other indebtedness shall be first used to repay obligations due to the Developer for public improvements that benefit the IGA Districts. All public improvements funded by the IGA Districts will be either dedicated to the City or other governmental entity or will be owned and operated by the District. The District will act as the operator of the IGA District-owned improvements and will act as district administrator on behalf of the IGA Districts. As such, each IGA District imposes ad valorem property taxes and/or fees sufficient to fund the operation and maintenance costs of the IGA District-owned improvements within their respective IGA District and the costs of administrative services. The IGA Districts may impose reasonable fees for the use of the IGA District-owned improvements by IGA district residents provided that all such revenues are used to pay the costs of financing, administering, operating, and maintaining the IGA District owned improvements.

During 2025, the District received $1,278,772 from the IGA Districts pursuant to the Operations and Funding IGA for operation and maintenance costs of the IGA District owned improvements.

On November 20, 2025, the District entered into an Intergovernmental Agreement Concerning District Operations and Funding (Operations and Funding IGA GVRE9) with Green Valley Ranch East Metropolitan District No. 9 (GVRE9).

GVRE9 agrees that the net proceeds of bonds or other indebtedness shall be first used to repay obligations due to the Developer for public improvements that benefit GVRE9. All public improvements funded by GVRE9 will be either dedicated to the City or other governmental entity or will be owned and operated by the District. The District will act as the operator of the District-owned improvements and will act as District administrator on behalf of GVRE9. As such, GVRE9 shall impose ad valorem property taxes and/or fees sufficient to fund the operation and maintenance costs of the District-owned improvements and the costs of administrative services. GVRE9 may impose reasonable fees for the use of the District-owned improvements by GVRE9 residents provided that all such revenues are used to pay the costs of financing, administering, operating, and maintaining the District-owned improvements.

During 2025, the District received $15,920,949 from GVRE9 pursuant to the Operations and Funding IGA to repay obligations due to the Developer for public improvements that benefit GVRE9.

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement Regarding Regional Transportation System Project Funding and Construction

On April 26, 2023, the District entered into a First Amendment and Assignment and Novation of Intergovernmental Agreement Regarding Regional Transportation System Project Funding and Construction (First Amendment) with GVRE6 and the Aerotropolis Regional Transportation Authority (ARTA). The First Amendment sets forth the assignment of rights and responsibilities from GVRE6 to the District as set forth under the Intergovernmental Agreement Regarding Regional Transportation System Project Funding and Construction dated October 12, 2021 (ARTA Projects IGA). The ARTA Projects IGA coordinates the timely and efficient completion of seven Projects: 38th Avenue (Picadilly to Tibet), 38th Avenue (Tibet to E470), 48th Avenue (Rome to Tibet), 48th Avenue (Tibet to E470), Picadilly Road (38th to 48th), Picadilly Road (48th to 52nd), and Picadilly Road (52nd to 56th) (collectively, the Projects). The Projects are components of ARTA's capital plan. It is ARTA's intention to facilitate the completion of the Projects with the issuance of future bonds. ARTA currently does not have adequate funds to complete all of the Projects. The District may have available or may be able to secure adequate funds and may be willing to fund a portion of the Projects on the condition that ARTA will reimburse the District for the actual costs incurred up to a maximum combined reimbursement amount of $12,882,515 for the seven Projects. This amount shall be adjusted upward at the rate of 4% per year. Upon completion of any Project or portion thereof, the District will provide a written report to ARTA detailing the actual project costs, along with a certification from an independent professional engineer, prior to any reimbursement from ARTA. Actual project costs and any amounts due to the District from ARTA shall not accrue interest at any time. The GVRE6 completed the 38th Avenue Project in 2023 and was subsequently reimbursed by ARTA.

Cost Sharing Agreement

On May 9, 2022, the GVRE6, Windler Public Improvement Authority, Windler Metropolitan District, GVP Windler, LLC, and the Developer entered into an Amended and Restated Cost Sharing Agreement, as amended by that certain First Amendment to Amended and Restated Cost Sharing Agreement, dated March 14, 2025 (Windler Agreement) to facilitate the timely and efficient completion of the following projects: Non-ARTA Related 48th Avenue Improvements, ATRA Related 48th Avenue Improvements, and Tibet Road. Certain of these projects are subject to reimbursement under the ARTA Projects IGA. On April 21, 2023, GVRE6 assigned rights and responsibilities under the Windler Agreement to the District under an Assignment and Novation of Cost Sharing Agreement. The Windler Agreement, as assigned, sets forth cost percentages owed by the District and Windler Public Improvement Authority for each project and sets up an escrow fund payment process with a final allocation process. For each project, the constructing party must adhere to construction standards, performance requirements, and notice requirements. The District provided notice for construction of the Tibet Road Phase 2 , Tibet Road Phase 3, and Tibet Road as a Portion of 48th Avenue, and the Windler Public Improvement Authority provided notice for the construction of 48th Avenue (Tibet to E-470).

NOTE 8 AGREEMENTS (CONTINUED)

Escrow IGA Deposit and Distribution of ARTA Reimbursement Fund

On April 21, 2023, the District entered into an Escrow Agreement Regarding Deposit and Distribution of ARTA Reimbursement Funds (Escrow Agreement) with GVRE6. The Escrow Agreement sets forth the terms under which funds reimbursed from ARTA under the ART Projects IGA are to be disbursed to allow for GVRE6 to complete construction of certain public improvements and to allow for the District to completed construction of certain public improvements including those assigned to the District from GVRE6. The total estimated costs of projects of the District set forth in the Escrow Agreement is $4,993,869. The Escrow Agreement also included a separate agreement between the District, GVRE6, and UMB Bank, n.a., as the escrow agent, and Schedio Group LLC, as the costs verifier, to address the distribution of escrowed funds pursuant to the Escrow Agreement.

PIFA Agreement

On November 5, 2025, the District, the Developer, and the City of Aurora (the City), entered into the Second Amended and Restated Public Improvement Funding Agreement (PIFA Agreement). The PIFA Agreement sets forth the District, Developer and City's respective roles, responsibilities, and obligations with respect to the provision of financing, acquiring, and constructing public improvements. Such improvements are Roadway Improvements (as defined in the PIFA Agreement). The PIFA agreement is effective as of the agreement date and will terminate upon completion of the Roadway Improvements as accepted by the City, or other appropriate entity with jurisdiction, issuing final acceptance of the Roadway Improvements.

NOTE 9 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer and funding received pursuant to the Operations and Funding IGA.

NOTE 10 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

NOTE 10 RISK MANAGEMENT (CONTINUED)

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

On November 4, 2014, a majority of the District's eligible electors authorized fees and tax levies to produce fees and taxes without regard to any limitations under TABOR.

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.

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 property revenue is limited to a 5.25% increase (or 10.50% over a two-year period), such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

NOTE 12 RESTATEMENT OF PRIOR YEAR

Items from the prior year have been adjusted, impacting the beginning net position. In the government-wide financial statements, the total Capital Assets were decreased to reflect the correct amount.

Net Position - December 31, 2024 as Originally Stated	$	6,010,324
Restatement to Capital Assets - Construction in Progress		(7,614,117)
Restatement to Capital Assets - Adult Active Clubhouse and Pool		7,614,117
Restatement to Capital Assets - Accumulated Depreciation		(507,608)
Net Position - December 31, 2024 as Restated	$	5,502,716

SUPPLEMENTARY INFORMATION

SECOND CREEK RANCH METROPOLITAN DISTRICT
PIFA FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	$ -	$ -	$ -
EXPENDITURES			
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

SECOND CREEK RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS 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			
Intergovernmental Revenues	$ 15,916,635	$ 15,929,648	$ 13,013
Net Investment Income	-	15,850	15,850
Total Revenues	15,916,635	15,945,498	28,863
EXPENDITURES			
General and Administrative:			
Accounting	12,000	25,379	(13,379)
Engineering	-	113,030	(113,030)
Intergovernmental Expenditures	-	626,989	(626,989)
Legal	50,000	111,032	(61,032)
Capital Projects:			
48th Avenue Improvements	100,000	163,970	(63,970)
52nd Avenue Improvements	300,000	44,243	255,757
Filing 6 Improvements	-	999,717	(999,717)
Filing 7 Improvements	1,000,000	577,058	422,942
Filing 11 & 19 Improvements	3,891,000	2,958,763	932,237
Furniture and Equipment	-	191,851	(191,851)
Harvest Corner	600,000	404,871	195,129
PA-13 Park	1,476,000	896,943	579,057
PA-14 Park	-	3,640	(3,640)
Tibet Road Phase 1 Improvements	-	252,348	(252,348)
Tibet Road Phase 2 Improvements	800,000	773,587	26,413
Tibet Road Phase 3 Improvements	800,000	164,288	635,712
Trib T Phase 1 Channel Improvements	-	9,263	(9,263)
Trib T Phase 2 Channel Improvements	2,500,000	1,098,361	1,401,639
Traditional Amenity	5,553,500	5,233,620	319,880
Total Expenditures	17,082,500	14,648,953	2,433,547
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,165,865)	1,296,545	2,462,410
OTHER FINANCING SOURCES			
Developer Advance	17,082,500	14,101,430	(2,981,070)
Repay Developer Advance	(15,916,635)	(15,920,949)	(4,314)
Total Other Financing Sources	1,165,865	(1,819,519)	(2,985,384)
NET CHANGE IN FUND BALANCE	-	(522,974)	(522,974)
Fund Balance (Deficit) - Beginning of Year	-	(1,693,391)	(1,693,391)
FUND BALANCE (DEFICIT) - END OF YEAR	$ -	$ (2,216,365)	$ (2,216,365)

SECOND CREEK RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied General Operations	Total Property Taxes Levied	Total Property Taxes Collected	Percentage Collected to Levied
2021	$ 32,150	22.111	$ 711	$ 711	100.00 %
2022	167,730	22.111	3,709	3,709	100.00
2023	147,930	22.519	3,331	3,331	100.00
2024	85,980	25.369	2,181	2,181	100.00
2025	84,290	29.894	2,520	2,520	100.00
Estimated for Year Ending December 31, 2026	$ 81,910	31.910	$ 2,614		

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