

TRAER CREEK METROPOLITAN DISTRICT
Eagle County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

**TRAER CREEK METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2025**

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Board of Directors
Traer Creek Metropolitan District
Eagle County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Traer Creek 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 Traer Creek Metropolitan District as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

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Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's 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.

The logo for Wipfli LLP, featuring the company name in a stylized, handwritten-style script.

Wipfli LLP
Denver, Colorado

August 7, 2026

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BASIC FINANCIAL STATEMENTS

TRAER CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

ASSETS

Cash and Investments	\$ 2,045,173
Cash and Investments - Restricted	486,116
Accounts Receivable	18,949
PIF Receivable	1,151,460
Prepaid Expense	43,339
Property Tax Receivable	925
Capital Assets, Net:	
Construction in Progress	12,179,534
Lot 2 Garage	3,052,877
Parks and Recreation	1,138,060
Total Assets	<u>20,116,433</u>

LIABILITIES

Accounts Payable	449,905
Retainage Payable	39,091
Due to The Village Metropolitan District	1,622,341
Note Payable - Developer	4,011
Due to Wildlife Trust Fund	5,277
Noncurrent Liabilities:	
Due in More Than One Year	13,271,639
Total Liabilities	<u>15,392,264</u>

DEFERRED INFLOWS OF RESOURCES

Property Tax Revenue	925
Total Deferred Inflows of Resources	<u>925</u>

NET POSITION

Net Investment in Capital Assets	3,933,382
Restricted For:	
Debt Service	185
Capital Projects	1,198,912
Emergency Reserves	15,200
Unrestricted	<u>(424,435)</u>
Total Net Position	<u><u>\$ 4,723,244</u></u>

See accompanying Notes to Basic Financial Statements.

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

	Program Revenues			Net Revenue (Expense) and Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses			Governmental Activities
FUNCTIONS/PROGRAMS				
Primary Government:				
Government Activities:				
General Government	\$ 773,536	\$ -	\$ -	\$ (773,536)
Interest and Related Costs on Long-Term Debt	6,939,109	-	18,498	(6,920,611)
Public Works	383,287	-	15,947,728	15,564,441
Total Governmental Activities	<u>\$ 8,095,932</u>	<u>\$ -</u>	<u>\$ 15,966,226</u>	<u>7,870,294</u>
GENERAL REVENUES				
Retail Sales Fees				6,844,131
Net Investment Income				110,422
Other Revenue				11,300
Total General Revenues				<u>6,965,853</u>
CHANGE IN NET POSITION				14,836,147
Net Position - Beginning of Year				<u>(10,112,903)</u>
NET POSITION - END OF YEAR				<u>\$ 4,723,244</u>

See accompanying Notes to Basic Financial Statements.

**TRAER CREEK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 226,007	\$ 240,299	\$ -	\$ 1,578,867	\$ 2,045,173
Cash and Investments - Restricted	15,200	-	470,916	-	486,116
PIF Receivable	-	-	1,151,460	-	1,151,460
Accounts Receivable	7,499	-	150	11,300	18,949
Prepaid Expense	43,339	-	-	-	43,339
Property Tax Receivable	-	-	925	-	925
Total Assets	<u>\$ 292,045</u>	<u>\$ 240,299</u>	<u>\$ 1,623,451</u>	<u>\$ 1,590,167</u>	<u>\$ 3,745,962</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 91,383	\$ 6,358	\$ -	\$ 352,164	\$ 449,905
Retainage Payable	-	-	-	39,091	39,091
Due to The Village Metropolitan District	-	-	1,622,341	-	1,622,341
Note Payable - Developer	-	4,011	-	-	4,011
Due to Wildlife Trust Fund	-	5,277	-	-	5,277
Total Liabilities	<u>91,383</u>	<u>15,646</u>	<u>1,622,341</u>	<u>391,255</u>	<u>2,120,625</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax	-	-	925	-	925
Total Deferred Property Tax	<u>-</u>	<u>-</u>	<u>925</u>	<u>-</u>	<u>925</u>
FUND BALANCES					
Prepaid Expenses	43,339	-	-	-	43,339
Restricted For:					
Emergency Reserves	15,200	-	-	-	15,200
Debt Service	-	-	185	-	185
Assigned For:					
Capital Projects	-	-	-	1,198,912	1,198,912
Special Revenue Fund	-	224,653	-	-	224,653
Unassigned, Reported in:					
General Fund	<u>142,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,123</u>
Total Fund Balances	<u>200,662</u>	<u>224,653</u>	<u>185</u>	<u>1,198,912</u>	<u>1,624,412</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 292,045</u>	<u>\$ 240,299</u>	<u>\$ 1,623,451</u>	<u>\$ 1,590,167</u>	

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.

16,370,471

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Payable to Town

(3,522,309)

Developer Advance Payable

(5,112,095)

Accrued Interest Payable - Developer Advance

(4,034,051)

Accrued Interest Payable - Payable to Town

(603,184)

Net Position of Governmental Activities

\$ 4,723,244

See accompanying Notes to Basic Financial Statements.

TRAER CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Retail Sales Fees	\$ 450,000	\$ 68,441	\$ 6,325,690	\$ -	\$ 6,844,131
Intergovernmental Revenues - The Village MD	-	-	-	15,947,728	15,947,728
Sewer & Water Tap Fees	-	-	18,498	-	18,498
Interest Income	55,035	7,981	46,382	1,024	110,422
Other Revenue	-	-	-	11,300	11,300
Total Revenues	505,035	76,422	6,390,570	15,960,052	22,932,079
EXPENDITURES					
General and Administration:					
Accounting	61,404	12,487	-	-	73,891
Audit Fees	6,996	-	-	-	6,996
District Management	115,706	14,093	-	-	129,799
Dues and Membership	763	-	-	-	763
Insurance and Bonds	24,879	-	-	-	24,879
Legal	109,798	52,969	-	-	162,767
Miscellaneous	429	50	-	-	479
Website	2,136	-	-	-	2,136
Intergovernmental Expense - The Village	97,652	-	-	-	97,652
Operations and Maintenance:					
Flag Pole Maintenance	8,586	-	-	-	8,586
Parking Garage Maintenance	12,705	-	-	-	12,705
Snow Removal	-	-	-	-	-
Tract E Park	45,677	-	-	-	45,677
Common Area Maintenance	158,284	-	-	-	158,284
Utilities	42,993	-	-	-	42,993
Debt Service:					
Intergovernmental Expense - The Village	-	-	6,503,806	-	6,503,806
Capital Projects:					
Streets	-	-	-	2,954,155	2,954,155
Engineering	-	-	-	113,226	113,226
Water	-	-	-	79,711	79,711
Sewer	-	-	-	868,407	868,407
Repay Developer Advance	-	-	-	12,947,728	12,947,728
Total Expenditures	693,937	79,599	6,503,806	16,963,227	24,240,569
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(188,902)	(3,177)	(113,236)	(1,003,175)	(1,308,490)
OTHER FINANCING SOURCES (USES)					
Developer Advance	-	-	-	2,111,379	2,111,379
Total Other Financing Sources (Uses)	-	-	-	2,111,379	2,111,379
NET CHANGE IN FUND BALANCES	(188,902)	(3,177)	(113,236)	1,108,204	802,889
Fund Balances - Beginning of Year	389,564	227,830	113,421	90,708	821,523
FUND BALANCES - END OF YEAR	<u>\$ 200,662</u>	<u>\$ 224,653</u>	<u>\$ 185</u>	<u>\$ 1,198,912</u>	<u>\$ 1,624,412</u>

See accompanying Notes to Basic Financial Statements.

TRAER CREEK METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 802,889
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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	4,015,499
Depreciation Expense	(383,287)

The issuance of long-term debt (e.g., bonds, Developer advances) 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Developer Advances	(2,111,379)
Repayment of Developer Advances	12,947,728
Interest on Developer Advances	(382,467)
Interest on Payable to Town	(52,836)
	(2,618,954)

Changes in Net Position of Governmental Activities	\$ 14,836,147
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**TRAER CREEK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Retail Sales Fees	\$ 450,000	\$ 450,000	\$ -
Interest Income	10,000	55,035	45,035
IGA Revenue The Village Metro District	3,321,623	-	(3,321,623)
Total Revenues	<u>3,781,623</u>	<u>505,035</u>	<u>(3,276,588)</u>
EXPENDITURES			
General and Administration:			
Accounting	63,000	61,404	1,596
Audit Fees	7,000	6,996	4
District Management	60,000	115,706	(55,706)
Dues and Membership	1,000	763	237
Insurance and Bonds	40,000	24,879	15,121
Legal	60,000	109,798	(49,798)
Election	5,000	1,761	3,239
Miscellaneous	2,000	429	1,571
Website	10,000	2,136	7,864
Intergovernmental Expense - The Village	89,000	97,652	(8,652)
Operations and Maintenance:			
Flag Pole Maintenance	35,000	8,586	26,414
Landscape Maintenance	5,000	4,168	832
Engineering	5,000	-	5,000
Parking Garage Maintenance	150,000	12,705	137,295
Snow Removal	20,000	-	20,000
Tract E Park	59,000	45,677	13,323
Common Area Maintenance	165,000	158,284	6,716
Utilities	20,000	42,993	(22,993)
Total Expenditures	<u>796,000</u>	<u>693,937</u>	<u>102,063</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,985,623	(188,902)	(3,174,525)
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(2,950,000)	-	2,950,000
Total Other Financing Sources (Uses)	<u>(2,950,000)</u>	<u>-</u>	<u>2,950,000</u>
NET CHANGE IN FUND BALANCE	35,623	(188,902)	(224,525)
Fund Balance - Beginning of Year	<u>353,910</u>	<u>389,564</u>	<u>35,654</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 389,533</u></u>	<u><u>\$ 200,662</u></u>	<u><u>\$ (188,871)</u></u>

See accompanying Notes to Basic Financial Statements.

**TRAER CREEK METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Retail Sales Fees	\$ 56,000	\$ 63,120	\$ 68,441	\$ 5,321
Interest Income	8,000	7,000	7,981	981
Total Revenues	64,000	70,120	76,422	6,302
EXPENDITURES				
General and Administration:				
Accounting	10,000	20,000	12,487	7,513
Legal	10,000	100,000	52,969	47,031
District Management	1,000	20,000	14,093	5,907
Miscellaneous	-	-	50	(50)
Contingency	4,000	-	-	-
Total Expenditures	25,000	140,000	79,599	60,401
NET CHANGE IN FUND BALANCE	39,000	(69,880)	(3,177)	66,703
Fund Balance - Beginning of Year	250,300	227,830	227,830	-
FUND BALANCE - END OF YEAR	<u>\$ 289,300</u>	<u>\$ 157,950</u>	<u>\$ 224,653</u>	<u>\$ 66,703</u>

See accompanying Notes to Basic Financial Statements.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 DEFINITION OF REPORTING ENTITY

Traer Creek Metropolitan District (District), a quasi-municipal corporation, was organized on February 3, 1999, concurrently with The Village Metropolitan District (The Village) 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 entirely in the Town of Avon (Avon or Town) in Eagle County, Colorado. The District's Service Plan was approved by the Town. The District was established to provide financing for the construction of streets, traffic and safety protection, water facilities, sanitary sewer, storm drainage, parks and recreation, television relay and translation, public transportation, fire protection and emergency medical services and mosquito control. Pursuant to its Service Plan, the District is intended to be the Service District related to The Village, serving as the Financing District, for the development of the service area which encompasses the area of both the District and The Village and is generally known as The Village at Avon (the Project).

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

On May 8, 2002, The Village (at Avon) Commercial Public Improvement Company (Commercial PIC) and The Village (at Avon) Mixed-Use Public Improvement Company (Mixed-Use PIC) were formed. Both the Commercial PIC and the Mixed-Use PIC are Colorado nonprofit corporations that were formed for the purpose of adopting and imposing Declarations and Covenants on property within the Village (at Avon) and for the purpose of imposing and collecting certain fees. The Commercial PIC and the Mixed-Use PIC have entered into an agreement with the District whereby the PICs have agreed to remit to the District certain revenue received from fees imposed by the PICs in consideration of the District's financing, construction, and operation of public improvements which benefit the members of the PICs, the Town of Avon, and the general public.

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

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are retail sales fees and intergovernmental revenues. 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.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

The Special Revenue Fund is used to account for the revenues earned and expenditures incurred in connection with the Commercial PIC and the Mixed-Use PIC that benefit the District. It accounts for the portion of retail sales fee revenues that are used for the payment of administrative expenses for the PICs.

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

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

Budgets

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

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

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported 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.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Infrastructure:	
Street Networks	30 Years
Park Networks	30 Years
Water and Sewer Improvements	30 Years
Lot 2 Garage Improvements	30 Years
Garage Doors	10 Years

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

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

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures (Statement 102)*. Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. 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	\$ 2,045,173
Cash and Investments - Restricted	486,116
Total Cash and Investments	<u>\$ 2,531,289</u>

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

Deposits with Financial Institutions	\$ 60,969
Investments	2,470,320
Total Cash and Investments	<u>\$ 2,531,289</u>

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash deposits had a bank and a carrying balance of \$60,969.

Investments

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

The District generally limits its concentration of investments to those 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 requirement.

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

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

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 2,470,320
Total		<u>\$ 2,470,320</u>

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 CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2024	Increases	Decreases	Balance - December 31, 2025
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 8,164,035	\$ 4,015,499	\$ -	\$ 12,179,534
Total Capital Assets, Not Being Depreciated	8,164,035	4,015,499	-	12,179,534
Capital Assets, Being Depreciated:				
Lot 2 Garage	6,947,837	-	-	6,947,837
Phase I Park	1,240,420	-	-	1,240,420
Tract E Park	2,849,419	-	-	2,849,419
Flagpole	312,242	-	-	312,242
Total Capital Assets, Being Depreciated	11,349,918	-	-	11,349,918
Less Accumulated Depreciation For:				
Lot 2 Garage	3,658,409	236,551	-	3,894,960
Phase I Park	960,083	41,347	-	1,001,430
Tract E Park	1,943,838	94,981	-	2,038,819
Flagpole	213,364	10,408	-	223,772
Total Accumulated Depreciation	6,775,694	383,287	-	7,158,981
Total Capital Assets, Being Depreciated, Net	4,574,224	(383,287)	-	4,190,937
Governmental Activities Capital Assets, Net	<u>\$ 12,738,259</u>	<u>\$ 3,632,212</u>	<u>\$ -</u>	<u>\$ 16,370,471</u>

Depreciation expense in the amount of \$383,287 was charged to function/programs of the District as Public works.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2024	Additions	Retirement of Long-Term Obligations	Balance at December 31, 2025	Due Within One Year
Developer Advances*	\$ 8,570,984	\$ 2,111,379	\$ 5,570,268	\$ 5,112,095	\$ -
Interest on Developer Advances	11,029,044	382,467	7,377,460	4,034,051	-
Payable to Town (Long-Term)*	3,522,309	-	-	3,522,309	-
Interest on Payable to Town	550,348	52,836	-	603,184	-
Total	<u>\$ 23,672,685</u>	<u>\$ 2,546,682</u>	<u>\$ 12,947,728</u>	<u>\$ 13,271,639</u>	<u>\$ -</u>

* Subject to annual budget and appropriation.

Priority of Repayment of Developer Advances	Repayment Party	Principal Amount	Accrued Interest	Total ¹
Facilities Acquisition Agreement ²	See Note 3 Below	\$ 1,589,786	\$ 2,645,869	\$ 4,235,655
2003 Funding and Reimbursement Agreement, as Amended - 1.5%	Traer Creek, LLC	1,541,784	6,209	1,547,993
2006 Operation Funding Agreement	Traer Creek, LLC	576,310	466,962	1,043,272
2007 Operation Funding Agreement	Traer Creek, LLC	841,980	601,815	1,443,795
2008 Operation Funding Agreement (Noncash)	Traer Creek, LLC	279,116	182,293	461,409
2009 Operations Advance (Noncash)	Traer Creek, LLC	87,694	47,190	134,884
2010 Operations Advance (Noncash)	Traer Creek, LLC	122,743	56,231	178,974
2011 Operations Advance (Noncash)	Traer Creek, LLC	72,682	27,482	100,164
Total		<u>\$ 5,112,095</u>	<u>\$ 4,034,051</u>	<u>\$ 9,146,146</u>
<u>Payable to Town</u>				
2008 Avon Receivable	Town of Avon	\$ 482,642	\$ 82,651	\$ 565,293
2009 Avon Receivable	Town of Avon	1,064,062	182,217	1,246,279
2010 Avon Receivable	Town of Avon	1,126,649	192,935	1,319,584
2011 Avon Receivable	Town of Avon	848,956	145,381	994,337
Total Avon Receivable		<u>\$ 3,522,309</u>	<u>\$ 603,184</u>	<u>\$ 4,125,493</u>

¹ All totals are as of December 31, 2025.

² The District's records reflect that the amount outstanding at December 31, 2025 (exclusive of interest) is as follows:

Buffalo Ridge Affordable Housing Corporation and Buffalo Ridge II, LLP	<u>\$ 1,589,786</u>
Total Amount Outstanding at December 31, 2025 (Exclusive of Interest)	<u>\$ 1,589,786</u>

Repayment of amounts due under the Facilities Acquisition Agreement will be allocated equally (on a pari passu basis) as funds are available after reimbursement to Traer Creek, LLC under the Amended and Restated Funding and Reimbursement Agreement dated May 8, 2002, as amended.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Funding and Reimbursement Agreements

On January 16, 2002, the District and Traer Creek LLC (Developer) entered into a Funding and Reimbursement Agreement, which was amended and restated on May 8, 2002, by the Amended and Restated Funding and Reimbursement Agreement to set forth certain agreements between the parties concerning the funding of certain public improvements. On July 2, 2003, the District and the Developer entered into the 2003 Funding and Reimbursement Agreement, which was amended by the First Amendment to 2003 Funding and Reimbursement Agreement dated as of March 25, 2004 (as amended, the 2003 Funding and Reimbursement Agreement), to address the need for additional funds from the Developer due to an increase in the costs of construction of the public improvements. Under the 2003 Funding and Reimbursement Agreement, the District acknowledges certain amounts of outstanding prior advances made by the Developer which supersede and clarify amounts set forth in prior agreements, including the Amended and Restated Funding and Reimbursement Agreement. Under the 2003 Funding and Reimbursement Agreement, the District may require the Developer to advance additional funds for construction related expenses to complete the improvements up to a maximum amount of \$7,166,769 plus unpaid prior advances of \$3,476,752 for a total amount of \$10,643,521. To the extent of revenues available and on a basis subordinate to any amounts due to the bank and on the Bonds, the District will reimburse the Developer for amounts advanced pursuant to the 2003 Funding and Reimbursement Agreement, plus interest at 8.0% per annum. Pursuant to a settlement agreement on August 1, 2014, the interest rate was reduced to 1.5% on a portion of the outstanding amount of the 2003 obligation. In 2023, \$9,077,576 was reimbursed to the Developer. The amount consisted of principal in the amount of \$3,476,752 and interest in the amount of \$5,600,824. In 2025, \$4,129,670 related to the portion that was calculated at 8% was reimbursed to the Developer. The amount consisted of principal in the amount of \$1,018,890 and interest in the amount of \$3,110,780. In addition, \$257,816 in interest related to the portion that was calculated at 1.5% was reimbursed to the Developer.

The balance due to the Developer at December 31, 2025 was \$1,547,993.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Buffalo Ridge Facilities Acquisition Agreement

A Facilities Acquisition Agreement was entered into on May 29, 2002, by and among the District, Buffalo Ridge Affordable Housing Corporation, a Colorado nonprofit corporation, Buffalo Ridge II, LLLP, a Colorado limited liability limited partnership (together, the Affordable Housing Developer), and Traer Creek - RP, LLC (Traer Creek - RP) (the Buffalo Ridge Facilities Acquisition Agreement). Pursuant to the Buffalo Ridge Facilities Acquisition Agreement, the Affordable Housing Developer has agreed to fund costs related to the construction of public improvements within the Buffalo Ridge affordable housing project (the Buffalo Ridge Improvements). As set forth in the Buffalo Ridge Facilities Acquisition Agreement, the Affordable Housing Developer has agreed to assign its rights to the reimbursement of \$2,440,000 of the cost of Buffalo Ridge Improvements constructed to Traer Creek - RP. The District agrees to the extent of funds available therefore, to repay the Affordable Housing Developer and the Developer for the total costs of the Buffalo Ridge Improvements, including, but not limited to, all costs of design, testing, engineering, construction, and related consulting and construction management fees and costs, plus simple interest thereon at an annual interest rate of 8.0%. All parties agree that the interest accrual on such reimbursements is to commence on the date the cost is incurred by the Affordable Housing Developer. Under the Buffalo Ridge Facilities Acquisition Agreement, the District has agreed to reimburse the Affordable Housing Developer and Traer Creek – RP from the proceeds of bonds issued by the District in the future or from available revenues of the District, if appropriated for such purposes, on a basis subordinate to amounts owing on the bonds or to the Bank, and under the 2002 Amended and Restated Funding and Reimbursement Agreement.

Under this agreement, the District acquired public improvements and acknowledged that the obligation to acquire such improvements was in the principal amount of \$4,029,786. In 2025, \$6,448,864 was reimbursed to Traer Creek-RP LLC. The amount consisted of principal in the amount of \$2,440,000 and interest in the amount of \$4,008,864.

The balance due to the Buffalo Ridge Affordable Housing Corporation and Buffalo Ridge II LLP at December 31, 2025 was \$4,235,655.

2006 Operation Funding Agreement

On January 26, 2006, the District, The Village, and the Developer entered into a 2006 Operation Funding Agreement (the 2006 Operation Funding Agreement). Pursuant to the 2006 Operation Funding Agreement, the Developer agreed to fund the ongoing operations and maintenance costs of the District, upon request, up to a maximum amount of \$712,000. To the extent of revenues available and on a basis subordinate to any amounts due to the bank and on the bonds, the District will reimburse the Developer for amounts advanced pursuant to the 2006 Operation Funding Agreement, plus interest at 8.0% per annum from the date of the advance. On August 1, 2014 the interest rate was reduced to 1.5% pursuant to a settlement agreement.

The balance due to the Developer at December 31, 2025 was \$1,043,272.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2007 Operation Funding Agreement

On November 30, 2006, the District, The Village, and the Developer entered into a 2007 Operation Funding Agreement (the 2007 Operation Funding Agreement). Pursuant to the 2007 Operation Funding Agreement, the Developer agreed to fund the ongoing operations and maintenance costs of the District, upon request, up to a maximum amount of \$712,000. To the extent of revenues available and on a basis subordinate to any amounts due to the bank and on the bonds, the District will reimburse the Developer for amounts advanced pursuant to the 2007 Operation Funding Agreement, plus interest at 8.0% per annum from the date of the advance. The 2007 Operation Funding Agreement was amended on December 14, 2007, to raise the maximum shortfall amount to \$842,000 and to modify certain other provisions. On August 1, 2014, the interest rate was reduced to 1.5% pursuant to a settlement agreement.

The balance due to the Developer at December 31, 2025 was \$1,443,795.

2008 Operation Funding Agreement

On December 14, 2007, the District, the Village, and the Developer entered into a 2008 Operation Funding Agreement (the 2008 Operation Funding Agreement). Pursuant to the 2008 Operation Funding Agreement, the Developer agreed to fund the ongoing operations and maintenance costs of the District, upon request. During 2008, the Developer provided landscape maintenance services to the District's public improvements and the District recognized these costs as noncash advances in the amount of \$279,116. To the extent of revenues available and on a basis subordinate to any amounts due to the bank and on the bonds, the District will reimburse the Developer for amounts advanced, plus interest at 8% per annum from the date of the advance. On August 1, 2014 the interest rate was reduced to 1.5% pursuant to a settlement agreement.

The balance due to the Developer at December 31, 2025 was \$461,409.

2009 Operations Advance (Noncash)

During the year ended December 31, 2009, EMD-CM LLC (EMD-CM) and Traer Creek Plaza LLC (TCP) provided maintenance services related to the District's public improvements. Pursuant to the First Amendment to the Second Amended and Restated Phase II Construction Management and Maintenance Agreement, the Developer agreed to pay EMD-CM and TCP directly for these landscaping services, and the District agreed to reimburse the Developer for these amounts when funds become available, subject to budget and appropriation, with interest at a rate of 8%. The District recognized the Developer's payments, on its behalf, as noncash advances. On August 1, 2014 the interest rate was reduced to 1.5% pursuant to a settlement agreement.

The balance due to the Developer at December 31, 2025 was \$134,884.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2010 Operations Advance (Noncash)

During the year ended December 31, 2010, EMD-CM and TCP provided maintenance services related to the District's public improvements. Pursuant to the First Amendment to the Second Amended and Restated Phase II Construction Management and Maintenance Agreement, the Developer agreed to pay EMD-CM and TCP directly for these landscaping services, and the District agreed to reimburse the Developer for these amounts when funds become available, subject to budget and appropriation, with interest at a rate of 8%. The District recognized the Developer's payments, on its behalf, as noncash advances. On August 1, 2014 the interest rate was reduced to 1.5% pursuant to a settlement agreement.

The balance due to the Developer at December 31, 2025 was \$178,974.

2011 Operations Advance (Noncash)

During the year ended December 31, 2011, EMD-CM and TCP provided maintenance services related to the District's public improvements. Pursuant to the First Amendment to the Second Amended and Restated Phase II Construction Management and Maintenance Agreement, the Developer agreed to pay EMD-CM and TCP directly for these landscaping services, and the District agreed to reimburse the Developer for these amounts when funds become available, subject to budget and appropriation, with interest at a rate of 8%. The District recognized the Developer's payments, on its behalf, as noncash advances. On August 1, 2014 the interest rate was reduced to 1.5% pursuant to a settlement agreement.

The balance due to the Developer at December 31, 2025 was \$100,164.

Service Agreement for Maintenance Services

On November 11, 2013, the District entered into the Service Agreement for Maintenance Services with EMD-CM, pursuant to which EMD-CM agreed to provide an agreed upon scope of maintenance services to the District. The District agrees to pay EMD-CM for such services subject to budget appropriation with interest of 10% if not paid within 45 days.

Payable to the Town

On August 1, 2014, in connection with the terms of a settlement agreement being fulfilled (see Note 8), the District became obligated to incur simple interest of 1.5% on the \$3,522,309 obligation due to the Town for costs associated with years 2008 – 2011.

2018 Advance and Repayment Agreement

On March 21, 2018, the District and the Developer entered into an Advance and Repayment Agreement. The Developer has expended funds on behalf of the District previously and intends to make future payments for costs related to the provision of public infrastructure in the nature of capital costs in furtherance of the District's permitted purposes. The District and the Developer established the terms and conditions under which the District will reimburse the Developer for such costs and acquire Public Infrastructure that will either be owned by the District or dedicated to other government entities. The District agreed to reimburse the Developer for these amounts when funds become available, subject to budget and appropriation, at the Authorized Private Lending Interest Rate.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2018 Advance and Repayment Agreement (Continued)

In 2025, the Developer advanced \$2,111,379 to the District and the District repaid the Developer \$2,111,379.

Debt Authorization

At December 31, 2025, the District had authorized but unissued indebtedness for capital and operational purposes in the amount of \$3,017,400,000.

Pursuant to the Service Plan, the District is permitted to issue bonded indebtedness of up to \$158,000,000. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, as of the date of this audit, the amount and timing of any debt issuances is not determinable. No additional authorization was used with the issuance of the 2014 Refunding Bonds.

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, calculated as follows:

	<u>Governmental Activities</u>
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 16,370,471
Noncurrent Portion of Long-Term Obligations - Related to Capital Assets	<u>(12,437,089)</u>
Net Investment in Capital Assets	<u>\$ 3,933,382</u>

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

Restricted Net Position:	
Debt Service	\$ 185
Capital Project	1,198,912
Emergency Reserves	<u>15,200</u>
Total Restricted Net Position	<u>\$ 1,214,297</u>

The District's unrestricted net position as of December 31, 2025 totaled (\$424,435).

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7 RELATED PARTIES

The Developer of the property within the District and The Village is Traer Creek LLC and several affiliated limited liability companies (Developer). The members of the Board of Directors of the District are employees, owners or otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

The members of the Board also serve as the Board members of The Village and some members serve on the Boards for the Commercial PIC and Mixed-Use PIC.

EMD-CM is the landscape maintenance contractor for the District and custodial contractor for the parking garage located in the District. As the landscape maintenance contractor, EMD-CM performs tasks related to planting and maintaining several tracts and other areas in the District. As the custodial contractor for the parking garage, EMD-CM performs tasks related to maintenance inside and outside the parking garage area. During 2025, the District paid \$45,345 to EMD-CM.

Traer Creek Plaza Condo Owners Association, an affiliate of the Developer, provides common area maintenance for the District. During 2025, the District paid \$158,284 to Traer Creek Plaza Condo Owners Association.

NOTE 8 AGREEMENTS

The Village

The District entered into a Facilities Funding, Construction and Operations Agreement on July 31, 2001, and later amended on March 4, 2002, with The Village, whereby the District will provide certain services and facilities, as described in the District's Service Plan, to current and future residents and property owners of both the District and The Village. Additionally, the District will provide the operations, maintenance, and administrative services for The Village. The Village pledges all revenue it receives from ad valorem property taxes, specific ownership taxes and other rates, fees, tolls and charges that may be imposed and collected by The Village, if such revenue is not otherwise pledged, to assist in financing the facilities and services.

In 2025, the District transferred \$97,652 to The Village to pay general and administrative expenses. In addition, the District transferred \$6,503,806 to the Village to pay debt service of which \$1,622,341 of this amount was due to the Village at December 31, 2025.

Town of Avon

On November 13, 2001, the District became a documented party to the First Amendment to the Annexation and Development Agreement (Annexation Agreement), initially entered into on October 13, 1998 (with Second and Third Amendments on May 27, 2003, and October 26, 2004, respectively), by the Town and several owners of certain real property in The Village (at Avon). The District has agreed to comply with the Town's requirements, policies and codes in the construction of infrastructure improvements and public facilities, including streets, drainage facilities, water lines, parks and recreation facilities, which will serve the needs of both The Village (at Avon) and the Town.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 AGREEMENTS (CONTINUED)

Town of Avon – (Continued)

On October 22, 2013, the District entered into the Consolidated Amended and Restated Annexation and Development Agreement for the Village (at Avon) (CARADA) which became effective on August 1, 2014, as a result of the Series 2014 bond issuance. The CARADA outlines the new responsibilities for maintenance and ownership of infrastructure improvements within the development as well as the required contributions from the District.

Pledge Agreement

Pursuant to the Pledge Agreement, the pledged revenue for the Village Special Revenue and Limited Property Tax Refunding and Improvement Bonds, Series 2020 consist of: (a) all moneys derived from imposition by the District of the District Required Mill Levy; (b) all Tap Fees and Surcharges; (c) all Specific Ownership Tax Revenues; (d) all Assigned Revenues received from the Commercial PIC and/or Mixed-Use PIC, less the Annual Operations Funding Allocation; and any other legally available moneys, net of any costs of collection and any tax refunds or abatements authorized by or on behalf of the Town and/or County. The District is required to transfer all pledged revenue to the Village Metropolitan District Trustee when received and available. The Annual Operations Funding Allocation is defined in the Pledge Agreement as \$450,000 per year.

Declaration of Covenants for the Village (at Avon) Commercial Area

The Declaration of Covenants for the Village (at Avon) Commercial Area provides for the imposition, collection, and enforcement of Public Improvement Fee (PIF) revenues. PIF revenues are assigned and collected by the District for payment of the Village Special Revenue and Limited Property Tax Refunding and Improvement Bonds, Series 2020. The PIF rate for real estate transfer fee is 2.0%, accommodations and lodging is 4.0% and retail sales fee is 4.0%. PIF retail sales mean any transactions upon which sales tax is payable and any transaction pursuant to the terms of the PIF guidelines.

NOTE 9 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) 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 workers compensation coverage to its members. Settled claims have not exceeded coverage in any of the past three fiscal years.

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.

**TRAER CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 3, 1998, a majority of the District's electors authorized the District to collect and spend or retain all revenues, from whatever source derived, without regard to any limitations under TABOR.

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

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

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 property tax revenue is limited to a 5.25% increase (10.5% increase over a two-year period), such increase is determined based on 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.

SUPPLEMENTARY INFORMATION

**TRAER CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Retail Sales Fees	\$ 5,150,000	\$ 6,327,000	\$ 6,325,690	\$ (1,310)
Sewer & Water Tap Fees	-	18,498	18,498	-
Interest Income	98,000	50,000	46,382	(3,618)
Total Revenues	5,248,000	6,395,498	6,390,570	(4,928)
EXPENDITURES				
Debt Service:				
Intergovernmental Expense - The Village MD	5,248,000	6,508,919	6,503,806	5,113
Total Expenditures	5,248,000	6,508,919	6,503,806	5,113
NET CHANGE IN FUND BALANCE	-	(113,421)	(113,236)	185
Fund Balances - Beginning of Year	-	113,421	113,421	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185</u>	<u>\$ 185</u>

**TRAER CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Interest Income	\$ 680	\$ 100,000	\$ 1,024	\$ (98,976)
Intergovernmental Revenues - The Village MD	-	25,841,886	15,947,728	(9,894,158)
Other Revenues	-	-	11,300	11,300
Total Revenues	680	25,941,886	15,960,052	(9,981,834)
EXPENDITURES				
Repay Developer Advance	2,300,000	19,149,497	12,947,728	6,201,769
Water		20,503	79,711	(59,208)
Sanitary Sewer	650,000	900,000	868,407	31,593
Engineering	300,000	200,000	113,226	86,774
Streets	2,000,000	5,000,000	2,954,155	2,045,845
Capital Outlay	39,814	-	-	-
Total Expenditures	5,289,814	25,270,000	16,963,227	8,306,773
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,289,134)	671,886	(1,003,175)	(1,675,061)
OTHER FINANCING SOURCES				
Transfers from Other Funds	2,950,000	920,034	-	(920,034)
Developer Advance	2,300,000	4,111,379	2,111,379	(2,000,000)
Total Other Financing Sources	5,250,000	5,031,413	2,111,379	(2,920,034)
NET CHANGE IN FUND BALANCES	(39,134)	5,703,299	1,108,204	(4,595,095)
Fund Balances - Beginning of Year	39,134	90,708	90,708	-
FUND BALANCES - END OF YEAR	\$ -	\$ 5,794,007	\$ 1,198,912	\$ (4,595,095)