SUMMERFIELD METROPOLITAN DISTRICT NO. 2
Weld County, Colorado

FINANCIAL STATEMENTS AND OTHER INFORMATION

YEAR ENDED DECEMBER 31, 2025

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Board of Directors
Summerfield Metropolitan District No. 2
Weld County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Summerfield Metropolitan District No. 2 (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 Summerfield Metropolitan District No. 2 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.

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.

Other Information

Management is responsible for the other information included in our report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and, accordingly, we do not express an opinion or provide any assurance on them.

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

Wipfli LLP

Wipfli LLP
Denver, Colorado

September 4, 2026

BASIC FINANCIAL STATEMENTS

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 427,482
Cash and Investments - Restricted	36,855
Property Tax Receivable	1,194,883
Capital Assets:	
Capital Assets, Not Being Depreciated	1,201,993
Total Assets	2,861,213
LIABILITIES	
Noncurrent Liabilities:	
Due in More Than One Year	25,408,253
Total Liabilities	25,408,253
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,194,883
Total Deferred Inflows of Resources	1,194,883
NET POSITION	
Restricted for:	
Emergency Reserves	7,600
Unrestricted	(23,749,523)
Total Net Position	$ (23,741,923)

See accompanying Notes to Basic Financial Statements.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 29,268	$ -	$ -	$ -	$ (29,268)
Transfers to Summerfield MD No. 1	24,535,450	-	-	-	(24,535,450)
Interest on Long-Term Debt and Related Costs	1,368,200	-	111,750	-	(1,256,450)
Total Governmental Activities	$ 25,932,918	$ -	$ 111,750	$ -	(25,821,168)
	GENERAL REVENUES				
	Property Taxes				1,734,512
	Specific Ownership Taxes				70,293
	Other Revenue				918,420
	Interest Income				63,996
	Total General Revenues				2,787,221
	CHANGES IN NET POSITION				(23,033,947)
	Net Position - Beginning of Year				(707,976)
	NET POSITION - END OF YEAR				$ (23,741,923)

See accompanying Notes to Basic Financial Statements.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	$ 427,482	$ -	$ 427,482
Cash and Investments - Restricted	36,855	-	36,855
Property Tax Receivable	203,995	990,888	1,194,883
Total Assets	$ 668,332	$ 990,888	$ 1,659,220
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Total Liabilities	$ -	$ -	$ -
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	203,995	990,888	1,194,883
Total Deferred Inflows of Resources	203,995	990,888	1,194,883
FUND BALANCES			
Restricted for:			
Emergency Reserves	7,600	-	7,600
Debt Service	29,255	-	29,255
Assigned to:			
Subsequent Year's Expenditures	111,258	-	111,258
Unassigned	316,224	-	316,224
Total Fund Balances	464,337	-	464,337
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 668,332	$ 990,888	1,659,220

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, Not Being Depreciated	1,201,993
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest	(1,045,253)
Bonds Payable	(23,406,000)
Loans Payable	(957,000)
Net Position of Governmental Activities	$ (23,741,923)

See accompanying Notes to Basic Financial Statements.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Total Governmental Funds
REVENUES		
Property Taxes	$ 1,734,512	$ 1,734,512
Specific Ownership Taxes	70,293	70,293
Interest Income	63,996	63,996
Other Revenue	918,420	918,420
Intergovernmental Revenues	111,750	111,750
Total Revenues	2,898,971	2,898,971
EXPENDITURES		
Current:		
County Treasurer's Fee	26,018	26,018
Paying Agent Fees	3,250	3,250
Debt Service:		
Bond Interest	54,476	54,476
Note Interest	181,830	181,830
Note Principal	1,344,000	1,344,000
Bond Issue Costs	118,500	118,500
Capital Projects:		
Intergovernmental Expenditures	24,535,450	24,535,450
Total Expenditures	26,263,524	26,263,524
EXCESS OF REVENUES UNDER EXPENDITURES	(23,364,553)	(23,364,553)
OTHER FINANCING SOURCES		
Bond Issuance Proceeds	23,405,000	23,405,000
Note Issuance Proceeds	27,478	27,478
Total Other Financing Sources	23,432,478	23,432,478
NET CHANGE IN FUND BALANCES	67,925	67,925
Fund Balances - Beginning of Year	396,412	396,412
FUND BALANCES - END OF YEAR	$ 464,337	$ 464,337

See accompanying Notes to Basic Financial Statements.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 67,925
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.	
Note Issuance	(27,478)
Note Principal	1,344,000
Bond Issuance	(23,405,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest Payable - Change in Liability	(1,013,394)
Changes in Net Position of Governmental Activities	$ (23,033,947)

See accompanying Notes to Basic Financial Statements.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 1,735,134	$ 1,734,512	$ 1,734,512	$ -
Specific Ownership Taxes	69,406	71,000	70,293	(707)
Interest Income	15,000	64,000	63,996	(4)
Other Revenue	-	918,420	918,420	-
Intergovernmental Revenues	-	111,750	111,750	-
Total Revenues	1,819,540	2,899,682	2,898,971	(711)
EXPENDITURES				
County Treasurer's Fee	26,027	26,027	26,018	9
Loan Fees	5,000	-	-	-
Bond Interest	1,088,155	54,500	54,476	24
Bond Issue Costs	45,000	120,000	118,500	1,500
Note Interest	479,339	181,838	181,830	8
Note Principal	-	1,344,000	1,344,000	-
Paying Agent Fees	4,000	4,000	3,250	750
Contingency	-	34,185	-	34,185
Intergovernmental Expenditures	24,202,000	24,535,450	24,535,450	-
Total Expenditures	25,849,521	26,300,000	26,263,524	36,476
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(24,029,981)	(23,400,318)	(23,364,553)	35,765
OTHER FINANCING SOURCES				
Bond Issuance Proceeds	22,943,968	23,405,000	23,405,000	-
Note issuance proceeds	1,003,612	27,478	27,478	-
Total Other Financing Sources	23,947,580	23,432,478	23,432,478	-
NET CHANGE IN FUND BALANCE	(82,401)	32,160	67,925	35,765
Fund Balance - Beginning of Year	410,600	396,412	396,412	-
FUND BALANCE - END OF YEAR	$ 328,199	$ 428,572	$ 464,337	$ 35,765

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Summerfield Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan with Summerfield Metropolitan Districts No. 1 (District No. 1), Summerfield Metropolitan District No. 2 (the District), and Summerfield Metropolitan District No. 3 (District No. 3) approved by the Town of Erie on January 4, 2013, and amended on May 22, 2017. This first Amendment to the Consolidated Service Plan ("First Amendment") for Summerfield Metropolitan District Nos. 1, 2 and 3 is submitted by the Districts in accordance with the requirements of Section 32-1-207(2) of Title 32, Colorado Revised Statutes and Title 9, Chapter 4 of the Erie Municipal Code.

The operation and maintenance of all other services and facilities is anticipated to be provided by the Town of Erie and not by the District.

The District has no employees, and all services are contracted.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District No. 1, District No. 3, and the Town of Erie.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct 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.

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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

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

The District reports the following major governmental funds:

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

Beginning in 2026, the District will report a Debt Service Fund to account for the resources accumulated and payments made for principal and interest on long-term debt.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

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

Budgets

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

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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Deferred Inflows of Resources

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

Equity

Net Position

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

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (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.

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	$	427,482
Cash and Investments - Restricted		36,855
Total Cash and Investments	$	464,337

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

Investments	$	464,337
Total Cash and Investments	$	464,337

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.

As of December 31, 2025, the District had no cash deposits.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 requirements.

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

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

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

Investment	Maturity	Amount
Colorado Surplus Asset Fund	Weighted-Average	
Trust (CSAFE)	Under 60 Days	$ 464,337
Total		$ 464,337

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 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 24-75-601.1, 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 24-75-601.1, 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.

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.

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 1,201,993	$ -	$ -	$ 1,201,993
Total Capital Assets, Not Being Depreciated	$ 1,201,993	$ -	$ -	$ 1,201,993
Governmental Activities Capital Assets, Net	$ 1,201,993	$ -	$ -	$ 1,201,993

NOTE 5 LONG-TERM OBLIGATIONS

An analysis of the changes in the District's outstanding long-term obligations for the year ended December 31, 2025 follows:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
General Obligation Drawdown Bond					
Series 2024	$ 1,000	$ -	$ 1,000	$ -	$ -
Accrued Interest on:					
Series 2024	7	-	7	-	-
General Obligation Drawdown Bond					
Series 2025	-	23,406,000	-	23,406,000	-
Accrued Interest on:					
Series 2025	-	1,078,348	54,476	1,023,872	-
Subtotal Bonds Payable	1,007	24,484,348	55,483	24,429,872	-
Special Revenue Drawdown					
Annual Appropriation Note					
Series 2024	2,273,522	27,478	1,344,000	957,000	-
Accrued Interest on:					
Series 2024 Note Payable	31,852	171,359	181,830	21,381	-
Subtotal Special Revenue Drawdown	2,305,374	198,837	1,525,830	978,381	-
Annual Appropriation Note					
Total Long-Term Obligations	$ 2,306,381	$ 24,683,185	$ 1,581,313	$ 25,408,253	$ -

Series 2024 General Obligation Limited Tax Drawdown Bond and Notes

In April 2024, the District issued its Series 2024 Taxable (Convertible to Tax-Exempt) Limited Tax General Obligation Drawdown Bonds (the Bonds) and its Series 2024 Taxable Special Revenue Drawdown Annual Appropriation Notes (the Notes). The Bonds and the Notes were issued for the purpose of funding public infrastructure improvements.

During 2025, the District refunded the Series 2024 Bonds through the issuance of its Series 2025 Taxable (Convertible to Tax-Exempt) Limited Tax General Obligation Refunding and Improvement Drawdown Bonds. The Series 2024 Notes were not refunded and remain outstanding as of December 31, 2025.

The Bonds have a maximum aggregate principal amount of $90,000,000 and bear interest at a taxable fixed rate of 7.50% per annum until the Tax-Exempt conversion rate at which time the Bonds will bear interest at a rate of 7.0% per annum. The Bonds convert from taxable to tax-exempt once the Bonds equal or exceed $2,000,000. The Bonds are secured by pledged revenues consisting of property tax revenues, specific ownership taxes, off-site sanitary sewer reimbursement revenues received by the District beginning January 1, 2028, oil and gas tax revenues and associated specific ownership tax revenues received by the District beginning January 1, 2028, facility fee revenues received by the District beginning January 1, 2028, and any other legally available monies that the Board determines. The Bonds are cash-flow bonds meaning there are no scheduled principal payments and repayment is subject to available pledged revenues.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2024 General Obligation Limited Tax Drawdown Bond and Notes (Continued)

The Notes have a maximum aggregate principal amount of $25,000,000 and bear interest at a rate of 7.50%. The Notes are secured by pledged revenues consisting of oil and gas tax revenues received by the District through December 31, 2027, facility fee revenues received by the District through December 31, 2027, off-site sanitary sewer reimbursement revenues received by the District through December 31, 2027, and any other legally available monies that the Board determines. The Notes are cash-flow notes meaning there are no scheduled principal payments and repayment is subject to available pledged revenues.

Due to the uncertainty of the timing of the principal and interest payments on the Bonds and Notes, a schedule of the timing of these payments is not available.

Series 2025 General Obligation Limited Tax Drawdown Bond

In February 2025, the District issued its Series 2025 Taxable (Convertible to Tax-Exempt) Limited Tax General Obligation Refunding and Improvement Drawdown Bonds (the Series 2025 Bonds). The Series 2025 Bonds were issued for the purpose of refunding the District's previously issued Series 2024 General Obligation Limited Tax Drawdown Bonds and continuing to fund public infrastructure improvements.

The Series 2025 Bonds have a maximum aggregate principal amount of $90,000,000 and bear interest at a tax-exempt rate of 7.00% upon conversion and a taxable fixed rate of 7.50% per annum. The Series 2025 Bonds are secured by pledged revenues consisting of property tax revenues, specific ownership taxes, off-site sanitary sewer reimbursement revenues received by the District beginning January 1, 2028, oil and gas tax revenues and associated specific ownership tax revenues received by the District beginning January 1, 2028, facility fee revenues received by the District beginning January 1, 2028, and any other legally available monies that the Board determines.

Due to the uncertainty of the timing of the principal and interest payments on the Bonds, a schedule of the timing of these payments is not available.

NOTE 6 NET POSITION

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

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

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	$ 7,600
Total Restricted Net Position	$ 7,600

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit unrestricted net position. The deficit is a result of the District being responsible for the repayment of debt which financed public infrastructure costs that have been or will be conveyed to other governmental entities.

NOTE 7 RELATED PARTIES

Three of the five members of the Board of Directors are employees and are associated with Bellock Construction Company, accountants for the District, and Community Development Group of Erie, Inc. or CDG Summerfield Inc. (CDG) the developer within the District. During 2025, District No. 1 and District No. 3 had the same Board of Directors.

NOTE 8 AGREEMENTS

District Coordinating Services Agreement

In order to implement the Service Plan, the District entered into an Intergovernmental Agreement for District Coordinating Services with District No. 1 and District No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions has been performed in their entirety or until the agreement is terminated by mutual written agreement of the Districts.

The District and District No. 3 will, to the extent that they benefit, pay the service costs of operations and maintenance of any facilities owned by the Districts or any facilities for which the Districts are responsible for maintaining. District No. 1 will serve as the coordinating district agreeing to perform these services for the Districts.

The District is required to fund, on an annual basis, the amount of actual service costs that it would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. If the Districts disagree as to the amount to be paid, then the District must pay District No. 1 the amount set forth in the annual budget.

Public Improvements Acquisition and Reimbursement Agreement

In August 2023, and as amended on April 16, 2024, the District entered into a public improvements acquisition and reimbursement agreement with Summerfield Metropolitan District No. 1 (District No. 1), TL Summerfield LLC (the Builder) and CDG Summerfield Inc. (the Landowner). The Builder will incur costs related to the financing, construction and installation of public improvements within the District. Pursuant to the agreement, costs presented to District No. 1 are required to be certified. Upon certification and acceptance of the costs, District No. 1 shall reimburse the costs to the Landowner. It is anticipated that the District will fund the reimbursement through debt proceeds. In 2025, $24,333,450 was sent to District No. 1 to reimburse the Landowner under this agreement.

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

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

NOTE 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 5, 2002, the District voters passed an election question allowing the District to increase property taxes by $630,000 annually, then increased the amount to $5,000,000 during the November 2, 2004, election, without limitation of rate, to pay the District's operations, maintenance and other expenses.

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado.

Annual operating revenue is limited to a 5.25% increase, such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

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.

OTHER INFORMATION

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation	Total Mills Levied: General Operations	Total Mills Levied: Debt Service	Total Mills Levied: Total	Total Property Taxes: Levied	Total Property Taxes: Collected	Percent Collected to Levied
2021	$ 1,017,890	55.663	-	55.663	$ 56,659	$ 57,193	100.94 %
2022	24,345,330	55.663	-	55.663	1,355,134	1,354,280	99.94
2023	106,518,760	57.220	-	57.220	6,095,003	6,083,124	99.81
2024	83,229,990	59.403	-	59.403	4,944,111	4,949,620	100.11
2025	34,631,340	5.832	44.271	50.103	1,735,134	1,734,512	99.96
Estimated for Year Ending December 31, 2026	$ 23,703,760	8.606	41.803	50.409	$ 1,194,883		

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