Heather Ridge Metropolitan District No. 1

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Heather Ridge Metropolitan District No. 1

Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Heather Ridge Metropolitan District No. 1 (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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the 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, 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Management has omitted 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 the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Castle Pines, Colorado
September 30, 2026

Heather Ridge Metropolitan District No. 1

STATEMENT OF NET POSITION
December 31, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and investments	$ 64,634	$ 5,272,175	$ 5,336,809
Cash and investments restricted	532,251	-	532,251
Taxes receivable - County Treasurer	3,560	-	3,560
Taxes receivable	759,630	-	759,630
Inventory	-	87,393	87,393
Accounts receivable - customer	11,440	5,727	17,167
Lease receivable	60,302	-	60,302
Prepaid expenses	12,798	9,989	22,787
Prepaid bond insurance - net	15,464	-	15,464
CAPITAL ASSETS			
Capital assets, net of accumulated depreciation	151,486	2,139,735	2,291,221
Total Assets	1,611,565	7,515,019	9,126,584
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	9,177	52,626	61,803
Accrued bond interest payable	12,218	-	12,218
NONCURRENT LIABILITIES			
Bonds payable, due within one year	255,000	-	255,000
Bonds payable, due in more than one year	4,266,423	-	4,266,423
Total Liabilities	4,542,818	52,626	4,595,444
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	759,630	-	759,630
Total deferred inflows of resources	759,630	-	759,630
NET POSITION			
Net invested in capital assets	151,486	2,139,735	2,291,221
Restricted for:			
Emergency reserve	12,722	-	12,722
Debt service	509,091	-	509,091
Capital projects	-	1,498,509	1,498,509
Unrestricted:	(4,364,182)	3,824,149	(540,033)
Total Net Position (Deficit)	$ (3,690,883)	$ 7,462,393	$ 3,771,510

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

STATEMENT OF ACTIVITES
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government:							
Governmental Activities:							
General government	$ 477,447	$ 122,416	$ -	$ -	$ (355,031)	$ -	$ (355,031)
Interest and related costs on long-term debt	141,197	-	-	-	(141,197)	-	(141,197)
Total Governmental Activities	618,644	122,416	-	-	(496,228)	-	(496,228)
Business-Type Activities:							
Golf - operations	1,895,491	2,504,442	-	-	-	608,951	608,951
Total Business-Type Activities	1,895,491	2,504,442	-	-	-	608,951	608,951
Total	$ 2,514,135	$ 2,626,858	$ -	$ -	(496,228)	608,951	112,723
General Revenues:							
Property taxes					753,398	-	753,398
Specific ownership taxes					41,138	-	41,138
Other income					53,841	109,370	163,211
Total General Revenues					848,377	109,370	957,747
Change in Net Position					352,149	718,321	1,070,470
Net Position (Deficit) - Beginning					(4,043,032)	6,744,072	2,701,040
Net Position (Deficit) - Ending					$ (3,690,883)	$ 7,462,393	$ 3,771,510

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	General	Debt Service	Capital Project	Total
ASSETS				
Cash and investments	$ 64,634	$ -	$ -	$ 64,634
Cash and investments - restricted	12,722	519,529	-	532,251
Property taxes receivable - current	1,780	1,780	-	3,560
Property taxes receivable	379,815	379,815	-	759,630
Receivable - rent	11,440	-	-	11,440
Lease receivable	60,302	-	-	60,302
Prepaid expenses	12,798	-	-	12,798
Total Assets	$ 543,491	$ 901,124	$ -	$ 1,444,615
LIABILITIES				
Accounts payable	$ 9,177	$ -	$ -	$ 9,177
Total Liabilities	9,177	-	-	9,177
DEFERRED INFLOWS OF RESOURCES				
Deferred lease revenue		-	-	-
Deferred property tax revenue	379,815	379,815	-	759,630
Total Deferred Inflows of Resources	379,815	379,815	-	759,630
FUND BALANCE				
Nonspendable:				
Prepaids	12,798	-	-	12,798
Leases	60,302	-	-	60,302
Restricted:				
Emergencies	12,722	-	-	12,722
Debt service	-	521,309	-	521,309
Capital Projects	-	-	-	-
Unrestricted	68,677	-	-	68,677
Total Fund Balances	154,499	521,309	-	675,808
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 543,491	$ 901,124	$ -	

Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	15,464
Capital assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	151,486
Long-term liabilities, including bonds payable, are not not due and payable in current period and therefore are not reported in the funds.	(4,533,641)
Net Position of governmental activities	$ (3,690,883)

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General	Debt Service	Total
GENERAL REVENUES			
Property taxes	$ 376,699	$ 376,699	$ 753,398
Specific ownership taxes	20,569	20,569	41,138
Rent	122,416	-	122,416
Other income	32,951	20,890	53,841
Total General Revenues	552,635	418,158	970,793
EXPENDITURES			
Accounting and audit	28,739	-	28,739
Insurance	11,435	-	11,435
Legal and election	26,116	-	26,116
Social function	658	-	658
Community Communications	51,579	-	51,579
Consultant Fees/mgmt fees/professional fees	58,165	-	58,165
Building expenses	166,474	-	166,474
Miscellaneous	319	-	319
Landscaping	51,916	-	51,916
Trash Removal	24,017	-	24,017
Mileage/travel	568	-	568
Meals and Entertainment	911	-	911
Bond interest	-	152,550	152,550
Bond Principal 2016	-	250,000	250,000
Utilities/Telephone	17,766	-	17,766
Security	4,454	-	4,454
Computer/Internet	1,092	-	1,092
Dues & Subscriptions	1,502	-	1,502
Office supplies/Expenses	2,166	-	2,166
Trustee fees	-	600	600
Treasurer's fees	5,654	5,654	11,308
Total Expenditures	453,531	408,804	862,335
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	99,104	9,354	108,458
CHANGE IN FUND BALANCE	99,104	9,354	108,458
FUND BALANCE - BEGINNING OF YEAR	55,395	511,955	567,350
FUND BALANCE - END OF YEAR	$ 154,499	$ 521,309	$ 675,808

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - Total governmental funds	$	108,458
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 lives of the asset. Therefore, this is the amount of capital outlay, net of depreciation, in the current period.		
Depreciation expense		(15,515)
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 governmental funds. Neither transaction, however, has any effect on the change in net position.		
Bond principal payment		250,000
Amortization of premium and bond insurance		8,711
Some expenses in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Change in accrued interest on bonds payable		495
Change in Net Position of Governmental Activities	$	352,149

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

BALANCE SHEET
PROPRIETARY FUND
December 31, 2025

ASSETS	
CURRENT ASSETS	
Cash and investments	$ 5,272,175
Accounts receivable - customer	5,727
Inventory	87,393
Prepaid expenses	9,989
Total Current Assets	5,375,284
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	2,139,735
Total Assets	$ 7,515,019
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 52,626
Total Current Liabilities	52,626
Total Liabilities	52,626
NET POSITION	
Net Investment in capital assets	2,139,735
Restricted for:	
Capital improvements	1,498,509
Unrestricted	3,824,149
Total Net Position	7,462,393
Total Liabilities and Net Position	$ 7,515,019

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2025

OPERATING REVENUES	
Golf Course fees	$ 2,504,442
Total Operating Revenues	2,504,442
OPERATING EXPENSES	
Golf Operations	721,512
Administrative expenses	15,371
Grounds expense	731,371
Depreciation expense	427,237
Total Operating Expenses	1,895,491
INCOME (LOSS) FROM OPERATIONS	608,951
NON-OPERATING REVENUES (EXPENSES)	
Interest income	109,370
Transfer from other funds	-
Non-Operating Revenues (Expenses)	109,370
NET INCOME (LOSS) - CHANGE IN NET POSITION	718,321
NET POSITION - BEGINNING OF YEAR	6,744,072
NET POSITION - END OF YEAR	$ 7,462,393

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 2,561,245
Payments to suppliers	(1,518,360)
Net Cash Provided by Operating Activities	1,042,885
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Transfers from other funds	-
Net Cash Provided (Required) by Noncapital Financing Activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquistion and construction of capital assets	-
Net Cash (Used) by Capital and Related Financing Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	109,370
Net Cash Provided (Required) by Investing Activities	109,370
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,152,255
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,119,920
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,272,175
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	
Net income (loss) from operations	$ 608,951
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation and amortization	427,237
Changes in Assets and Liabilities:	
Accounts payable	(34,350)
Receivables	56,803
Inventory	(14,255)
Prepaid expenses	(1,501)
Net Adjustments	433,934
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,042,885

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 378,434	$ 376,699	$ (1,735)
Specific ownership taxes	26,825	20,569	(6,256)
Misc Income	3,000	-	(3,000)
Rent	134,400	122,416	(11,984)
Other income	14,728	32,951	18,223
Total Revenues	557,387	552,635	(4,752)
EXPENDITURES			
Accounting	19,600	19,239	361
Audit	9,500	9,500	-
Insurance	12,500	11,435	1,065
Legal and election	23,000	26,116	(3,116)
Social function	3,000	658	2,342
Community Communications	44,000	51,579	(7,579)
Consultant Fees/mgmt fees/professional fees	58,410	58,165	245
Building repairs interior	30,000	69,349	(39,349)
Building repairs exterior	50,000	5,860	44,140
Building repairs roofing	8,000	-	8,000
Building utilities/Electric	36,000	38,699	(2,699)
Building Utilities/Gas	26,000	16,838	9,162
Building Utilities Water/Sewer	25,000	35,728	(10,728)
Building Utilities Telephone	18,000	17,766	234
Miscellaneous	2,000	319	1,681
Landscaping	40,000	51,916	(11,916)
Mileage/travel	1,000	568	432
Security	11,500	4,454	7,046
Office supplies/expenses	2,000	2,166	(166)
Meals and Entertainment	3,000	911	2,089
Treasurer's fees	5,677	5,654	23
Computer/Internet	2,100	1,092	1,008
Employee relations	400	-	400
Trash	18,000	24,017	(6,017)
Dues and Subscription	2,000	1,502	498
Contingency	88,123	-	88,123
Emergency Reserve	12,722	-	12,722
Total Expenditures	551,532	453,531	98,001
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,855	99,104	93,249
OTHER FINANCING SOURCES (USES)			
Transfer to other fund	(142,000)	-	142,000
Total Other Financing Sources (Uses)	(142,000)	-	142,000
CHANGE IN FUND BALANCE	(136,145)	99,104	235,249
FUND BALANCE - BEGINNING OF YEAR	136,145	55,395	(80,750)
FUND BALANCE - END OF YEAR	$ -	$ 154,499	$ 154,499

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Heather Ridge Metropolitan District No. 1, located in Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on December 4, 2006 as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established as a mechanism to preserve the Heather Ridge open space and to provide public improvement and related operations and services as described in the Special District Act. Through an intergovernmental agreement with the City of Aurora the District is also authorized to own, operate and maintain the Heather Ridge Golf Course ("Golf Course"). The District's primary revenues are property taxes and fees from the Golf Course. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB No. 34.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District 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 governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise 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,* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

The District reports the following major proprietary funds:

Golf Fund – The Golf Fund is an enterprise fund that accounts for the Golf Course operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. This fund is comprised of the Proprietary Fund and the Capital Projects Fund.

The Enterprise Funds account for the operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. The District's proprietary fund consists of the Golf Fund.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. 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 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 appropriation is at the total fund expenditures level and lapses at year end. Actual expenditures in the Proprietary Fund exceeded budgeted amounts. This may be in violation of State Law.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents.

Assets, Liabilities, and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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 funds' average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting under this category at December 31, 2025.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Prepaid Debt Insurance and Original Issue Premium

Prepaid debt insurance and Original Issue Premium from the Series 2016 Bonds are being amortized over the term of the bonds using the effective interest method. Accumulated amortization of prepaid debt insurance and original issue premium amounted to $24,219 and $126,895, respectively, at December 31, 2025.

Capital Assets

Capital assets, which include the Golf Course and related facilities, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $150 and an estimated useful life in excess of one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current change. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Golf Course and related facilities	15 - 20 years
Equipment	6 years

Leases

The District determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the District's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The District has elected to recognize payments received for short-term leases with a least term of 12 months or less as revenue when the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

Significant lease terms are disclosed in Note 4.

The District accounts for contracts containing both least and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

Property Tax

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 in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Inventory
All inventories are valued at cost using the first-in/first-out method.

Long-Term Obligations
In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

Fund Equity
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance
Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of $22,787 represents prepaid expenditures.

Restricted Fund Balance
The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $12,722 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $509,091 is restricted for the payment of the debt service costs associated with the Series 2016 Bonds. (see Note 4).

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

Assigned Fund Balance
Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

The assigned fund balance in the General Fund is set aside for subsequent year expenditures.

Unassigned Fund Balance
Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

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

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 substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more like than not to begin to occur with 12 months of issuance.

The District adopted the requirements of the guidance effective January 1, 2025 and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations of constraints that require disclosure.

Net Position
Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, except for construction in progress, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	$ 5,336,809
Cash and investments – Restricted	532,251
Total	$ 5,869,060

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

Deposits with financial institutions	$ 2,673,596
Petty cash	2,450
Investments – COLOTRUST	3,193,014
	$ 5,869,060

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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 depositories and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District's deposits are exposed to custodial credit risk.

Investments

Credit risk

The District has not adopted a formal investment policy, however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2025, the District had $3,193,014 invested in COLOTRUST Plus+.

Note 3: Capital Assets

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

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Government Activities				
Capital assets being depreciated:				
Clubhouse airconditioning	$ 43,884	$ -	$ -	$ 43,884
Clubhouse roof replacement	188,834	-	-	188,834
Accumulated Depreciation	(65,717)	(15,515)	-	(81,232)
Government activities assets, net	167,001	(15,515)	-	151,486
Business Type Activities:				
Capital assets being depreciated:				
Golf Course, clubhouse				
and related equipment	$ 7,441,369	$ -	$ -	$ 7,441,369
Accumulated Depreciation	(4,874,397)	(427,237)	-	(5,301,634)
Business type assets, net	$ 2,566,972	$ (427,237)	$ -	$ 2,139,735

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

General Government	$ 15,515
Business-type activities:	
Golf Course fund	427,237
Total depreciation expense –business type activities	$ 442,752

Note 4 Leases

The District leases certain premises generally known as the restaurant and a related lease receivable and deferred inflow have been recorded. The lease provides for minimum annual payments between $11,000 and $12,143 through December 31, 2033. During the year ended December 31, 2025, the District recognized $122,416 and $23,214 in lease revenue and interest revenue, respectively.

The future minimum lease payments to be received under the agreement are as follows:

	Governmental Activities		
Year ending	Principal	Interest	Total
2026	$ 116,514	$ 20,814	$ 132,000
2027	118,997	18,331	134,640
2028	124,294	15,770	134,640
2029	126,943	13,121	137,328
2030	132,470	10,390	137,328
2031-2033	420,416	13,876	711,564
Total minimum lease payments	$ 1,039,634	$ 92,302	$ 1,387,500

Note 5: Long-term Debt

A description of the long-term obligations as of December 31, 2025, is as follows:

$6,640,000 General Obligation Refunding and Improvement Bonds, Series 2016
On June 3, 2016, the District issued General Obligation Refunding and Improvement Bonds, Series 2016 ("Series 2016 Bonds") in the amount of $6,640,000 to current refund the District's General Obligation Bonds, Series 2009, current refund the District's General Obligation Bonds, Series 2011, fund the Reserve Fund, pay the costs of the issuance of the Series 2016 Bonds, and finance the costs of public improvements. The Bonds bear interest at rates from 2% to 5% and are payable on June 1 and December 1, each year, commencing December 1, 2016, and mature on December 1, 2039. The Series 2016 Bonds are payable from general and ad valorem taxes which may be levied without limitation of rate and in an amount necessary to pay the Bonds, when due against all taxable property within the District.

The Series 2016 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2027 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $5,000, commencing on December 1, 2026, upon payment of par and accrued interest, without redemption premium. Events of default include payment of principal, interest and redemption premium on any Bond is not made by the District when due, the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws, and the District defaults on the performance of any of its covenants for 60 days beyond the date the District is notified of such default. As a result of the issuance of the Series 2016 Bonds, the refunded bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt equaled the net carrying amount of the old debt. The refunding resulted in an economic loss of $1,439,813 due to the extension of the maturity date. The payments on the Series 2016 Bonds exceeds the payments on the refunded debt by $4,512,915.

The following is an analysis of changes in long-term debt for the period ending December 31, 2025:

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025	Current Portion
General Obligation Bonds					
Series 2016	$ 4,690,000	$ -	$ 250,000	$ 4,440,000	$ 255,000
Premium on Series 2016	92,281	-	10,858	81,423	-
Total	$ 4,782,281	$ -	$ 260,858	$ 4,521,423	$ 255,000

The following is a summary of the annual long-term debt principal and interest requirements:

	Principal	Interest	Total
2026	$ 255,000	$ 146,612	$ 401,612
2027	260,000	140,238	400,238
2028	270,000	129,838	399,838
2029	280,000	119,038	399,038
2030	290,000	107,838	397,838
2031-2035	1,610,000	387,140	1,997,140
2036-2039	1,475,000	121,709	1,596,709
Total	$ 4,440,000	$ 1,152,413	$ 5,592,413

As of December 31, 2025, the District had remaining voted debt authorization of $32,567,593 for improvement projects, $80,000,000 for refunding bonds, and $39,714,275 for operations purposes, for a total of $152,281,868. Per the District's Service Plan, the District cannot issue debt in excess of $40,000,000.

Note 6: Tax Spending and Debt Limitations

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

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

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

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

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.

On November 7, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The Colorado Special Districts Property and Liability Pool (the "Pool") is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public official's liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

SUPPLEMENTAL INFORMATION

Heather Ridge Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 378,435	$ 376,699	$ (1,736)
Specific ownership taxes	26,481	20,569	(5,912)
Other income	1,500	20,890	19,390
Total Revenues	406,416	418,158	11,742
EXPENDITURES			
Bond interest	152,550	152,550	-
Bond Principal 2016	250,000	250,000	-
Trustee fees	5,000	600	4,400
Treasurer's fees	5,677	5,654	23
Contingency	5,007	-	5,007
Total Expenditures	418,234	408,804	9,430
NET CHANGE IN FUND BALANCE	(11,818)	9,354	21,172
FUND BALANCE - BEGINNING OF YEAR	506,694	511,955	5,261
FUND BALANCE - END OF YEAR	$ 494,876	$ 521,309	$ 26,433

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND- CATASTROPHIC
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
GENERAL REVENUES			
Interest income	$ 12,722	$ 55,411	$ 42,689
Total General Revenues	12,722	55,411	42,689
EXPENDITURES			
Other capital improvements	-	-	-
Total Expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,722	55,411	42,689
OTHER FINANCING SOURCES (USES)			
Transfer from enterprise fund	100,000	200,000	100,000
Total Other Financing Sources (Uses)	100,000	200,000	100,000
NET CHANGE IN FUND BALANCE	112,722	255,411	142,689
FUND BALANCE - BEGINNING OF YEAR	1,315,822	1,243,098	(72,724)
FUND BALANCE - END OF YEAR	$ 1,428,544	$ 1,498,509	$ 69,965

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
GENERAL REVENUES			
Interest income	$ -	$ -	$ -
Total General Revenues	-	-	-
EXPENDITURES			
Cart path improvements	-	-	-
Other capital improvements	-	-	-
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING OF YEAR	96	-	(96)
FUND BALANCE - END OF YEAR	$ 96	$ -	$ (96)

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) -
PROPRIETARY FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Merchandise	$ 65,000	$ 113,941	$ 48,941
Miscellaneous Income	4,000	12,245	8,245
Golf packages	20,000	24,996	4,996
Men's club redeemed	(5,000)	924	5,924
Premium Cards Redeemed	(22,500)	(27,764)	(5,264)
Cart fees	420,000	473,599	53,599
Green Fees	1,220,000	1,829,361	609,361
Range ball fees	50,000	77,140	27,140
Interest income	20,000	53,959	33,959
Total Revenues	1,771,500	2,558,401	786,901
EXPENDITURES			
Golf Operations	632,800	721,512	(88,712)
Administrative expenses	24,700	15,371	9,329
Grounds expense	759,880	731,371	28,509
Total Expenditures	1,417,380	1,468,254	(50,874)
EXCESS OF REVENUES OVER EXPENDITURES	354,120	1,090,147	736,027
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(119,163)	(200,000)	(80,837)
Total Other Financing Sources (Uses)	(119,163)	(200,000)	(80,837)
CHANGE IN FUND BALANCE	234,957	890,147	655,190
FUND BALANCE - BEGINNING OF YEAR	2,966,494	2,934,002	(32,492)
FUND BALANCE - END OF YEAR	$ 3,201,451	$ 3,824,149	$ 622,698

The notes to the financial statements are an integral part of these statements.

Heather Ridge Metropolitan District No. 1

RECONCILIATION OF REVENUES AND EXPENDITURES
BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2025

Excess of revenues over expenditures	$ 1,145,558
Deduct depreciation which is an expense on the Statement of Revenues Expenditures and Changes in Net Position	(427,237)
Changes in Net Position per Statement Revenues, Expenditures and Changes in Net Position	$ 718,321

The notes to the financial statements are an integral part of these statements.