ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
El Paso County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT	**I**
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	**1**
STATEMENT OF ACTIVITIES	**2**
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	**3**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	**4**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	**5**
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	**6**
NOTES TO BASIC FINANCIAL STATEMENTS	**7**
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	**22**
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	**24**
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	**25**

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Allison Valley Metropolitan District No. 1
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Allison Valley 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 and each major fund of the District as of December 31, 2025, and the respective changes in financial position 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' report that includes our opinion.

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

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules on page 22 through 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sorren CPAs P.C.
Colorado Springs, Colorado
September 29, 2026

BASIC FINANCIAL STATEMENTS

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 8,577
Cash and Investments - Restricted	1,189,095
Prepaid Insurance	4,103
Prepaid Expenses	2,750
Receivable from County Treasurer	6,502
Property Tax Receivable	871,353
Capital Assets:	
Capital Assets Net of Depreciation	4,125,470
Total Assets	6,207,850
LIABILITIES	
Accounts Payable	16,833
Accrued Interest	41,104
Noncurrent Liabilities:	
Due Within One Year	185,000
Due in More Than One Year	18,239,865
Total Liabilities	18,482,802
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	871,353
Total Deferred Inflows of Resources	871,353
NET POSITION	
Net Investment in Capital Assets	27,319
Restricted for:	
Emergency Reserve	10,400
Debt Service	385,687
Unrestricted	(13,569,711)
Total Net Position	$ (13,146,305)

See accompanying Notes to Basic Financial Statements.

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
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 Revenues (Expenses) and Changes in Net Position: Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	$ 360,207	$ -	$ -	$ -	$ (360,207)
Interest on Long-Term Debt and Related Costs	760,229	-	-	-	(760,229)
Total Governmental Activities	$ 1,120,436	$ -	$ -	$ -	(1,120,436)
GENERAL REVENUES					
Property Taxes					850,767
Specific Ownership Taxes					81,602
Interest Income (Loss)					55,452
Total General Revenues and Transfers					987,821
CHANGES IN NET POSITION					(132,615)
Net Position - Beginning of Year					(13,013,690)
NET POSITION - END OF YEAR					$ (13,146,305)

See accompanying Notes to Basic Financial Statements.

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	$ 8,577	$ -	$ 8,577
Cash and Investments - Restricted	11,150	1,177,945	1,189,095
Receivable from County Treasurer	2,406	4,096	6,502
Prepaid Insurance	4,103	-	4,103
Prepaid Expenses	-	2,750	2,750
Property Tax Receivable	329,646	541,707	871,353
Total Assets	$ 355,882	$ 1,726,498	$ 2,082,380
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 16,833	$ -	$ 16,833
Total Liabilities	16,833	-	16,833
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	329,646	541,707	871,353
Total Deferred Inflows of Resources	329,646	541,707	871,353
FUND BALANCES			
Nonspendable:			
Prepaid Expenses and Insurance	4,103	2,750	6,853
Restricted for:			
Emergency Reserves	10,400	-	10,400
Debt Service	-	1,182,041	1,182,041
Unassigned	(5,100)	-	(5,100)
Total Fund Balances	9,403	1,184,791	1,194,194
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 355,882	$ 1,726,498	

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.	4,125,470
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	(41,104)
Bonds Payable	(9,865,000)
Developer Advance Payable	(8,559,865)
Net Position of Governmental Activities	$ (13,146,305)

See accompanying Notes to Basic Financial Statements.

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	$ 314,784	$ 535,983	$ 850,767
Specific Ownership Taxes	30,193	51,409	81,602
Interest Income (Loss)	(9)	55,461	55,452
Total Revenues	344,968	642,853	987,821
EXPENDITURES			
Current:			
Accounting	31,534	-	31,534
Auditing	10,600	-	10,600
County Treasurer's Fee	4,725	8,046	12,771
District Management	42,000	-	42,000
Dues and Membership	579	-	579
Election	2,995	-	2,995
Insurance	3,440	-	3,440
Legal	9,297	-	9,297
Miscellaneous	1,288	-	1,288
Landscaping - Contract Maintenance	13,606	-	13,606
Irrigation Repair	7,190	-	7,190
Repairs and Maintenance	893	-	893
Snow Removal	1,905	-	1,905
Utilities	27,031	-	27,031
Debt Service:			
Bond Interest	-	500,000	500,000
Bond Principal	-	135,000	135,000
Paying Agent Fees	-	2,500	2,500
Total Expenditures	157,083	645,546	802,629
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	187,885	(2,693)	185,192
OTHER FINANCING SOURCES (USES)			
Repay Developer Advance	(277,159)	(41,399)	(318,558)
Transfers In (Out)	10,159	(10,159)	-
Total Other Financing Uses	(267,000)	(51,558)	(318,558)
NET CHANGE IN FUND BALANCES	(79,115)	(54,251)	(133,366)
Fund Balances - Beginning of Year	88,518	1,239,042	1,327,560
FUND BALANCES - END OF YEAR	$ 9,403	$ 1,184,791	$ 1,194,194

See accompanying Notes to Basic Financial Statements.

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$	(133,366)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.		
Depreciation Expense		(203,124)
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.		
Bond Principal		135,000
Repay Developer Advance		318,558
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		563
Accrued Interest Payable Developer Advance - Change in Liability		(250,246)
Changes in Net Position of Governmental Activities	$	(132,615)

See accompanying Notes to Basic Financial Statements.

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES 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	$ 313,201	$ 313,201	$ 314,784	$ 1,583
Specific Ownership Taxes	31,320	31,320	30,193	(1,127)
Interest Income (Loss)	100	100	(9)	(109)
Total Revenues	344,621	344,621	344,968	347
EXPENDITURES				
Accounting	28,500	32,000	31,534	466
Auditing	10,600	10,600	10,600	-
County Treasurer's Fee	4,698	4,725	4,725	-
Legal	9,000	9,300	9,297	3
Miscellaneous	1,500	1,500	1,288	212
Election	25,000	3,000	2,995	5
Repairs And Maintenance	1,000	1,000	893	107
District Management	42,000	42,000	42,000	-
Dues And Membership	1,000	600	579	21
Insurance	3,500	3,500	3,440	60
Landscaping - Contract Maintenance	25,000	15,000	13,606	1,394
Irrigation Repair	5,000	7,200	7,190	10
Snow Removal	3,000	2,000	1,905	95
Utilities	50,000	28,000	27,031	969
Contingency	20,202	575	-	575
Total Expenditures	230,000	161,000	157,083	3,917
EXCESS OF REVENUES OVER EXPENDITURES	114,621	183,621	187,885	4,264
OTHER FINANCING SOURCES (USES)				
Repay Developer Advance	(150,000)	(270,000)	(277,159)	(7,159)
Transfers From Other Funds	-	-	10,159	10,159
Total Other Financing Sources (Uses)	(150,000)	(270,000)	(267,000)	3,000
NET CHANGE IN FUND BALANCE	(35,379)	(86,379)	(79,115)	7,264
Fund Balance - Beginning of Year	59,958	88,517	88,518	1
FUND BALANCE - END OF YEAR	$ 24,579	$ 2,138	$ 9,403	$ 7,265

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Allison Valley Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court of El Paso County on December 5, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Consolidated Service Plan, dated July 12, 2006, formed the Allison Valley Metropolitan District Nos. 1 and 2 (the Districts). The District operates under the Amended and Restated Service Plan approved by the City of Colorado Springs (the City) on September 8, 2015. The District's service area is located entirely within the City in El Paso County, Colorado. The Districts were established to provide the following services: streets and drainage, water, sanitary sewer, parks and recreation, traffic safety protection, mosquito control, public transportation, and television relay and translation. Both Districts are residential districts. Allison Valley Metropolitan District No. 1 also includes commercial properties within its boundaries. See Note 8 regarding intergovernmental agreements between the Districts.

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

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

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

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 property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District 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 and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation 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.

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

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.

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 or constraints that require disclosure.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual 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 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, sidewalks, and similar items), are reported in the applicable governmental activities' column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Infrastructure	30 to 50 Years
Park and Recreation	15 to 35 Years

It is the policy of the City to accept maintenance responsibility for all capital improvements within the City after a minimum two-year warranty period, except for certain landscaping, park and recreation, and storm drainage improvements specified in the District's Service Plan, upon the District's completion and conveyance of such improvements provided they meet the City's specifications.

The District has conveyed assets in the amount of $14,364,866 to the City and has a warranty and maintenance obligation to the City for a period of two years following the City's preliminary acceptance.

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, *deferred 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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	$	8,577
Cash and Investments - Restricted		1,189,095
Total Cash and Investments	$	1,197,672

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

Deposits with Financial Institutions	$	19,156
Investments		1,178,516
Total Cash and Investments	$	1,197,672

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash deposits had a bank and carrying balance of $19,156.

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 (*) on the following page, 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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	$ 1,178,516
		$ 1,178,516

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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, Being Depreciated:				
Parks and Recreation	$ 2,192,640	$ -	$ -	$ 2,192,640
Drainage and Detention	3,462,854	-	-	3,462,854
Total Capital Assets, Being Depreciated	5,655,494	-	-	5,655,494
Less Accumulated Depreciation for:				
Accumulated Depreciation - Parks and Rec	(581,012)	(87,696)	-	(668,708)
Accumulated Depreciation - Drainage & Detention	(745,888)	(115,428)	-	(861,316)
Total Accumulated Depreciation	(1,326,900)	(203,124)	-	(1,530,024)
Total Capital Assets, Being Depreciated, Net	4,328,594	(203,124)	-	4,125,470
Governmental Activities Capital Assets, Net	$ 4,328,594	$ (203,124)	$ -	$ 4,125,470

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
General Obligation Bonds					
Series 2020	$ 10,000,000	$ -	$ 135,000	$ 9,865,000	$ 185,000
Subtotal Bonds Payable	10,000,000	-	135,000	9,865,000	185,000
Other Debts:					
Developer Advance - Operating	379,225	-	277,159	102,066	-
Developer Advance - Capital	5,446,646	-	41,399	5,405,247	-
Accrued Interest on:					
Developer Advance - Operating	134,095	30,603	-	164,698	-
Developer Advance - Capital	2,668,211	219,643	-	2,887,854	-
Subtotal Other Debts	8,628,177	250,246	318,558	8,559,865	-
Total Long-Term Obligations	$ 18,628,177	$ 250,246	$ 453,558	$ 18,424,865	$ 185,000

Series 2020 – $10,000,000 General Obligation Limited Tax Refunding Bonds

The Bonds are limited tax general obligations of the District secured by and payable from the following sources, after payment of any costs of collection (collectively, the Pledged Revenue): (a) the Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (c) any other legally available moneys which the Board determines to pledge to the Bond Fund. The Bonds are also secured by amounts on deposit in the Reserve Fund which will be funded with proceeds of the Bonds in the amount of $758,000. The balance in the Reserve Fund account held by the trustee at December 31, 2025 was $762,856.

On December 23, 2020, the District issued General Obligation Limited Tax Refunding Bonds, Series 2020, in the amount of $10,000,000, which bears an interest at a rate of 5.00%, payable semi-annually on June 1 and December 1, beginning on June 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2025. The Series 2020 Bonds mature on December 1, 2047. The 2020 Bonds were issued for the purpose of refunding the Series 2017B Loan.

The 2020 Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, and on any date thereafter as set forth in the table below.

Date of Redemption	Redemption Premium
December 1, 2026 to November 30, 2027	102 %
December 1, 2027 to November 30, 2028	101
December 1, 2028 and Thereafter	100

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2020 – $10,000,000 General Obligation Limited Tax Refunding Bonds (Continued)

The annual requirements to amortize the remaining Series 2020 Bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 185,000	$ 493,250	$ 678,250
2027	270,000	484,000	754,000
2028	285,000	470,500	755,500
2029	300,000	456,250	756,250
2030	315,000	441,250	756,250
2031-2035	1,820,000	1,954,250	3,774,250
2036-2040	2,320,000	1,451,750	3,771,750
2041-2045	2,965,000	810,750	3,775,750
2046-2047	1,405,000	106,250	1,511,250
Total	$ 9,865,000	$ 6,668,250	$ 16,533,250

Remedies on Occurrence of Event of Default for the Series 2020 Bonds

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

a) Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.

b) The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the Bonds, the Bond Resolution, this Indenture, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.

c) The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

d) No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers, or remedies of the Trustee hereunder, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners shall continue unimpaired as before.

e) If requested by the Owners of 25% in aggregate principal amount of the Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners; provided that the Trustee at its option shall be indemnified.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Remedies on Occurrence of Event of Default for the Series 2020 Bonds (Continued)

f) Acceleration of the Bonds shall not be an available remedy for an Event of Default, nor shall the District be subject to punitive or consequential damages, nor shall any provisions herein act as or be deemed to be a waiver by the District of the Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S., as now or hereafter amended.

Authorized Debt

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to $30,000,000 (Service Plan Debt Issuance Limit). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Service Plan.

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power relative to debt for public improvements. With that understanding, on November 3, 2015, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $270,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2025, the District had authorized but unissued indebtedness of $252,327,953.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area within the limitations of the District's Service Plan.

Developer Advances

The District has entered into Reimbursement Agreements, which were amended effective January 1, 2017, with Allison Valley Development Company, LLC (the Developer) to repay advances made by the Developer for operation and maintenance and capital improvement costs. For operations and maintenance, the District agrees to repay the Developer along with accrued interest rate of the greater of 4.25% or Prime Rate published by Kirkpatrick Bank plus 1%. For capital improvements, the District agrees to repay the Developer along with accrued interest at the rate set forth on the initial debt offering, from the day of each advance. The District's repayment obligations pursuant to these agreements are subject to annual appropriation. Pursuant to the First Amendment to the Reimbursement Agreement, payments to the Developer shall be applied first to principal then to interest. As of December 31, 2025, outstanding Developer advances for operations totaled $102,066 with accrued interest of $164,698 and outstanding advances for capital improvements totaled $5,405,247 with accrued interest of $2,887,854.

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net (Excluding Assets Anticipated to Be Conveyed to Other Governmental Entities)	$ 4,125,470
Noncurrent Portion of Long-Term Obligations	(4,313,648)
Unspent Loan Proceeds	215,497
Net Investment in Capital Assets	$ 27,319

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

	Governmental Activities
Restricted Net Position:	
Emergencies	$ 10,400
Debt Service Reserve	385,687
Total Restricted Net Position	$ 396,087

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public infrastructure which were conveyed to other governmental entities and which costs were removed from the District's financial records and for the repayment of Developer advances for operations, maintenance, and infrastructure costs.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Allison Valley Development Company, LLC. The members of the Board of Directors are officers, employees, or associated with the Developer and may have conflicts of interest in dealing with the District. See Note 5 concerning advances made by the Developer.

NOTE 8 INTERGOVERNMENTAL AGREEMENTS

On December 6, 2007, the District entered into an Intergovernmental Agreement (IGA) with Allison Valley 2. The IGA was supplemented on October 20, 2016. The purpose of the IGA is to clarify specific provisions of the Amended Service Plan.

The Districts agree to share the costs of the financing, construction, operation, and maintenance of facilities as contemplated in the Consolidated Service Plan. It is anticipated that the total capital costs of the Districts will not exceed $30,000,000, which the Districts will share. The Districts will share the capital costs 55% to Allison Valley 1 and 45% to Allison Valley 2. The percentages correspond to the approximate relative amount of assessed value of each district to the total projected at build-out for the total project.

The Districts agree to allocate the $30,000,000 debt capacity authorized by the Consolidated Service Plan using the same percentage as the capital costs (55% for Allison Valley 1 and 45% for Allison Valley 2). In dollar terms the allocation of the debt capacity is $16,500,000 for Allison Valley 1 and $13,500,000 for Allison Valley 2. The Districts are allowed, but are not required, to allocate the voter-approved debt capacity that is available for each category of improvements using the 55/45 ratio.

NOTE 9 ECONOMIC DEPENDENCY

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

NOTE 10 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 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

On November 7, 2006, the District's voters authorized the District to increase property taxes $750,000 annually, without limitation of rate and without regard to any spending, revenue raising, or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

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

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

SUPPLEMENTARY INFORMATION

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	$ 538,146	$ 538,146	$ 535,983	$ (2,163)
Specific Ownership Taxes	53,815	53,815	51,409	(2,406)
Interest Income (Loss)	55,000	55,000	55,461	461
Total Revenues	646,961	646,961	642,853	(4,108)
EXPENDITURES				
County Treasurer's Fee	8,072	8,072	8,046	26
Paying Agent Fees	2,500	2,500	2,500	-
Bond Interest	500,000	500,000	500,000	-
Bond Principal	135,000	135,000	135,000	-
Total Expenditures	645,572	645,572	645,546	26
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,389	1,389	(2,693)	(4,082)
OTHER FINANCING SOURCES (USES)				
Repay Developer Advance	-	(51,928)	(41,399)	10,529
Transfers To Other Fund	-	-	(10,159)	(10,159)
Total Other Financing Sources (Uses)	-	(51,928)	(51,558)	370
NET CHANGE IN FUND BALANCE	1,389	(50,539)	(54,251)	(3,712)
Fund Balance - Beginning of Year	1,158,000	1,239,000	1,239,042	42
FUND BALANCE - END OF YEAR	$ 1,159,389	$ 1,188,461	$ 1,184,791	$ (3,670)

OTHER INFORMATION

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

Year Ending December 31,	$10,000,000 General Obligation Limited Tax Refunding Bonds - Series 2020 Dated December 17, 2020 Interest Rate - 5.00% Principal Due December 1 Interest Payable June 1 and December 1		
	Principal	Interest	Total
2026	$ 185,000	$ 493,250	$ 678,250
2027	270,000	484,000	754,000
2028	285,000	470,500	755,500
2029	300,000	456,250	756,250
2030	315,000	441,250	756,250
2031	330,000	425,500	755,500
2032	345,000	409,000	754,000
2033	365,000	391,750	756,750
2034	380,000	373,500	753,500
2035	400,000	354,500	754,500
2036	420,000	334,500	754,500
2037	440,000	313,500	753,500
2038	465,000	291,500	756,500
2039	485,000	268,250	753,250
2040	510,000	244,000	754,000
2041	535,000	218,500	753,500
2042	565,000	191,750	756,750
2043	590,000	163,500	753,500
2044	620,000	134,000	754,000
2045	655,000	103,000	758,000
2046	685,000	70,250	755,250
2047	720,000	36,000	756,000
	$ 9,865,000	$ 6,668,250	$ 16,533,250

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Total	Levied	Collected	
2020/2021	$ 8,491,330	10.889	32.666	43.555	$ 369,840	$ 369,840	100.00 %
2021/2022	11,969,510	10.711	32.134	42.845	512,834	496,321	96.78 %
2022/2023	11,581,980	11.000	33.002	44.002	509,630	509,639	100.00 %
2023/2024	17,328,390	11.865	35.595	47.460	822,405	822,405	100.00 %
2024/2025	17,938,200	17.460	30.000	47.460	851,347	850,767	99.93 %
Estimated for Year Ending December 31, 2026	$ 18,056,890	18.256	30.000	48.256	$ 871,353		

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.

Source: El Paso Assessor and Treasurer.