ORCHARD FARMS METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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Board of Directors
Orchard Farms Metropolitan District
Adams County, Colorado

Independent Auditor's Report

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Orchard Farms Metropolitan District as of and for the year ended December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the general fund and special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, no such opinion is expressed.

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

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

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

Other Matters

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

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

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

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

Wipfli LLP

Wipfli LLP
Denver, Colorado

July 31, 2026

BASIC FINANCIAL STATEMENTS

ORCHARD FARMS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

		Governmental Activities
ASSETS		
Cash and Investments	$	664,989
Cash and Investments - Restricted		77,020
Accounts Receivable		84,538
Prepaid Insurance		20,503
Receivable from County Treasurer		4,248
Property Tax Receivable		1,164,768
Capital Assets:		
Capital Assets Not Being Depreciated		11,442,021
Total Assets		13,458,087
LIABILITIES		
Accounts Payable		44,745
Accrued Interest		48,756
Noncurrent Liabilities:		
Due Within One Year		215,000
Due in More Than One Year		13,440,000
Total Liabilities		13,748,501
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax		1,164,768
Prepaid Assessments		12,557
Unearned Revenue		21,667
Total Deferred Inflows of Resources		1,198,992
NET POSITION		
Restricted for:		
Emergency Reserve		22,600
Unrestricted		(1,512,006)
Total Net Position	$	(1,489,406)

See accompanying Notes to Basic Financial Statements.

ORCHARD FARMS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 640,962	$ 280,749	$ -	$ -	$ (360,213)
Interest on Long-Term Debt and Related Costs	608,036	-	-	-	(608,036)
Total Governmental Activities	$ 1,248,998	$ 280,749	$ -	$ -	(968,249)
GENERAL REVENUES					
Property taxes					1,167,006
Specific ownership taxes					58,030
Interest Income					41,844
Other Revenue					88,537
Total General Revenues					1,355,417
CHANGES IN NET POSITION					387,168
Net Position - Beginning of Year					(1,876,574)
NET POSITION - END OF YEAR					$ (1,489,406)

See accompanying Notes to Basic Financial Statements.

ORCHARD FARMS METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Total Governmental Funds
ASSETS				
Cash and Investments	$ 177,060	$ 487,929	$ -	$ 664,989
Cash and Investments - Restricted	13,800	8,800	54,420	77,020
Receivable from County Treasurer	1,424	-	2,824	4,248
Accounts Receivable	-	84,538	-	84,538
Prepaid Insurance	6,863	13,640	-	20,503
Property Tax Receivable	390,443	-	774,325	1,164,768
Total Assets	$ 589,590	$ 594,907	$ 831,569	$ 2,016,066
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 12,942	$ 31,803	$ -	$ 44,745
Total Liabilities	12,942	31,803	-	44,745
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	390,443	-	774,325	1,164,768
Unearned Revenue	-	21,667	-	21,667
Prepaid Assessments	-	12,557	-	12,557
Total Deferred Inflows of Resources	390,443	34,224	774,325	1,198,992
FUND BALANCES				
Nonspendable:				
Prepaid Expense	6,863	13,640	-	20,503
Restricted for:				
Emergency Reserves	13,800	8,800	-	22,600
Debt Service	-	-	57,244	57,244
Committed:				
Operations	-	506,440	-	506,440
Unassigned	165,542	-	-	165,542
Total Fund Balances	186,205	528,880	57,244	772,329
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 589,590	$ 594,907	$ 831,569	
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.				11,442,021
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				(48,756)
Loans Payable				(13,655,000)
Net Position of Governmental Activities				$ (1,489,406)

See accompanying Notes to Basic Financial Statements.

ORCHARD FARMS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Total Governmental Funds
REVENUES				
Property Taxes	$ 391,193	$ -	$ 775,813	$ 1,167,006
Specific Ownership Taxes	19,452	-	38,578	58,030
Operations And Maintenance Fee	-	274,267	-	274,267
Interest Income	18,555	10,941	12,348	41,844
Legal Collection Fees	-	5,482	-	5,482
Transfer Fees	-	1,000	-	1,000
Other Revenue	30,752	57,785	-	88,537
Total Revenues	459,952	349,475	826,739	1,636,166
EXPENDITURES				
Current:				
Accounting	53,537	-	-	53,537
Auditing	6,996	-	-	6,996
Billing	-	34,700	-	34,700
County Treasurer's Fee	5,870	-	11,642	17,512
Covenant Enforcement	-	21,205	-	21,205
District Management	-	44,041	-	44,041
Dues And Membership	396	-	-	396
Election	3,405	-	-	3,405
Electricity	-	1,363	-	1,363
Insurance	6,708	13,492	-	20,200
Legal	33,070	12,322	-	45,392
Miscellaneous	864	-	-	864
Design Review	-	20,825	-	20,825
District Management - Costs	-	13,765	-	13,765
Tree Replacements	-	21,714	-	21,714
Grounds Repair & Maintenance	-	45,645	-	45,645
Playground Inspection & Repairs	-	6,029	-	6,029
Holiday Lighting	-	3,151	-	3,151
Restroom Maintenance	-	4,467	-	4,467
Irrigation Repairs & Improvements	-	5,455	-	5,455
Landscape Maintenance - Contract	-	84,945	-	84,945
Landscape Replacements & Improvements	-	58,083	-	58,083
Storage Facility	-	1,680	-	1,680
Community Cleanup	-	784	-	784
Community Activities	-	29,777	-	29,777
Snow Removal	-	14,765	-	14,765
Water	-	87,931	-	87,931
Website	3,977	-	-	3,977
Debt Service:				
Loan Interest - Series 2022	-	-	593,430	593,430
Loan Principal - Series 2022	-	-	195,000	195,000
Paying Agent Fees	-	-	3,000	3,000
Total Expenditures	114,823	526,139	803,072	1,444,034
EXCESS OF REVENUES OVER EXPENDITURES	345,129	(176,664)	23,667	192,132
OTHER FINANCING SOURCES (USES)				
Transfers in/(out)	(380,000)	380,000	-	-
Total Other Financing Uses	(380,000)	380,000	-	-
NET CHANGE IN FUND BALANCES	(34,871)	203,336	23,667	192,132
Fund Balances - Beginning of Year	221,076	325,544	33,577	580,197
FUND BALANCES - END OF YEAR	$ 186,205	$ 528,880	$ 57,244	$ 772,329

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds	$ 192,132
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.	
Loan Principal	195,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest Payable - Change in Liability	36
Changes in Net Position of Governmental Activities	$ 387,168

See accompanying Notes to Basic Financial Statements.

ORCHARD FARMS METROPOLITAN DISTRICT
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 391,084	$ 391,193	$ 109
Specific Ownership Taxes	23,465	19,452	(4,013)
Interest Income	12,195	18,555	6,360
Other Revenue	20,000	30,752	10,752
Total Revenues	446,744	459,952	13,208
EXPENDITURES			
Accounting	58,000	53,537	4,463
Auditing	6,600	6,996	(396)
Contingency	16,734	-	16,734
County Treasurer's Fee	5,866	5,870	(4)
Dues And Membership	700	396	304
Election	20,000	3,405	16,595
Insurance	5,000	6,708	(1,708)
Legal	36,000	33,070	2,930
Miscellaneous	100	864	(764)
Website	3,000	3,977	(977)
Total Expenditures	152,000	114,823	37,177
EXCESS OF REVENUES OVER EXPENDITURES	294,744	345,129	50,385
OTHER FINANCING SOURCES (USES)			
Transfers to other fund	(380,000)	(380,000)	-
Total Other Financing Uses	(380,000)	(380,000)	-
NET CHANGE IN FUND BALANCE	(85,256)	(34,871)	50,385
Fund Balance - Beginning of Year	206,373	221,076	14,703
FUND BALANCE - END OF YEAR	$ 121,117	$ 186,205	$ 65,088

See accompanying Notes to Basic Financial Statements.

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Operations And Maintenance Fee	$ 270,004	$ 274,267	$ 4,263
Interest Income	10,000	10,941	941
Legal Collection Fees	600	5,482	4,882
Transfer Fees	-	1,000	1,000
Other Revenue	500	57,785	57,285
Total Revenues	281,104	349,475	68,371
EXPENDITURES			
Billing	34,700	34,700	-
Covenant Enforcement	25,000	21,205	3,795
District Management	38,850	44,041	(5,191)
Electricity	1,750	1,363	387
Insurance	15,000	13,492	1,508
Legal	5,000	12,322	(7,322)
Miscellaneous	15,300	-	15,300
Design Review	20,800	20,825	(25)
District Management - Costs	16,500	13,765	2,735
Tree Replacements	10,000	21,714	(11,714)
Grounds Repair & Maintenance	16,500	45,645	(29,145)
Playground Inspection & Repairs	5,000	6,029	(1,029)
Holiday Lighting	3,500	3,151	349
Restroom Maintenance	4,300	4,467	(167)
Irrigation Repairs & Improvements	20,000	5,455	14,545
Landscape Maintenance - Contract	85,000	84,945	55
Landscape Replacements & Improvements	30,000	58,083	(28,083)
Storage Facility	1,700	1,680	20
Community Cleanup	2,100	784	1,316
Community Activities	30,000	29,777	223
Snow Removal	25,000	14,765	10,235
Water	155,000	87,931	67,069
Total Expenditures	561,000	526,139	34,861
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(279,896)	(176,664)	103,232
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	380,000	380,000	-
Total Other Financing Sources	380,000	380,000	-
NET CHANGE IN FUND BALANCE	100,104	203,336	103,232
Fund Balance - Beginning of Year	305,129	325,544	20,415
FUND BALANCE - END OF YEAR	$ 405,233	$ 528,880	$ 123,647

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Orchard Farms Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for the County of Adams, Colorado on November 28, 2007, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the boundaries of the city of Thornton, Colorado.

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation/storm sewer, street improvements, safety protection, parks and recreation, transportation, fire protection, security, television relay and translation, and mosquito control.

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 sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct 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 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. Redemption of bonds is recorded as a reduction in liabilities.

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, specific ownership taxes and operations fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation 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 Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with maintaining certain amenities and facilities within the District. Revenue reported in this fund include the Operations Fee and Transfer Fee as authorized by the Resolution dated March 12, 2020.

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 Standard

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. 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 amended its annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

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

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, sale 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operations Fees

The District charges an operations fee to homeowners to cover costs related to district management and maintenance of district property and facilities. Excess fees at year-end are reflected as committed fund balance.

Capital Assets

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The item *deferred property tax revenue* is deferred, and recognized as an inflow of resources in the period that the amount becomes available. The item *prepaid assessments* represent operations fees paid to the District in advance and is recognized as an inflow of resources in the period that the revenues are earned. The item *unearned revenue* represents operations fees billed in advance and is recognized as an inflow of resources in the period that the revenues are earned.

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.

Fund Balance (Continued)

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	$	664,989
Cash and Investments - Restricted		77,020
Total Cash and Investments	$	742,009

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

Deposits with Financial Institutions	$	70,521
Investments		671,488
Total Cash and Investments	$	742,009

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 balance of $69,216 and a carrying balance of $70,521.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

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

Investment	Maturity	Amount
Colorado Surplus Asset Fund (CSAFE)	Weighted-Average Under 60 Days	$ 623,658
Fidelity Investments	Weighted-Average Under 60 Days	47,830
Total		$ 671,488

CSAFE

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $2.00 transactional share price. CSAFE CORE may invest in securities authorized by 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 CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Fidelity Money Market

The debt service money that is included in the trust accounts at Zions Bank (a division of Zions Bancorporation, NA.) is invested in the Fidelity Investments Money Market Government Portfolio Class III. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 180 days or less and repurchase agreements collateralized by U.S. Treasury obligations. The Fund is rated AAAm by Standard & Poor's and AAA-mf by Moodys.

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 11,442,021	$ -	$ -	$ 11,442,021
Capital Assets, Net	$ 11,442,021	$ -	$ -	$ 11,442,021

The District will convey certain public improvements to other governmental entities and will own and maintain certain landscaping improvements once the improvements have been completed and acquired by the District.

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
Loans from Direct Borrowings and Direct Placements:					
Loan - Series 2022	$ 13,850,000	$ -	$ 195,000	$ 13,655,000	$ 215,000
Total Loans Payable	13,850,000	-	195,000	13,655,000	215,000
Total Long-Term Obligations	$ 13,850,000	$ -	$ 195,000	$ 13,655,000	$ 215,000

<u>$14,330,000 Series 2022 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Loan</u>

On September 16, 2022, the District entered into a Loan Agreement with Zion Bancorporation, N.A. dba: Vectra Bank Colorado (the Bank) in connection with the issuance of a loan in the maximum amount of $14,330,000 (2022 Loan). The proceeds from the 2022 Loan were used to (i) refund the 2017A Senior Bond in the principal amount of $9,740,000 which had an interest rate of 5.75%, the 2017B Subordinate Bonds in the principal amount of $1,288,000 which had an interest rate of 7.750%, and the 2017C Subordinate Bonds in the principal amount of $1,865,000 which had an interest rate of 13.000% (ii) pay the Bank's combined loan commitment fee and rate lock fee; and (iii) pay the costs of issuing the 2022 Loan; and (iv) pay any remaining proceeds to the Loan Payment Fund. The 2022 Loan does not have any unused lines of credit.

$13,541,135 of the 2022 Loan proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent along with an additional $1,676,269 of Loan proceeds and District Funds deposited and uninvested into a trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds have been removed from the District's liabilities. The 2017A, 2017B and 2017C Bonds were redeemed on December 1, 2022, and December 15, 2022, respectively.

The 2022 Loan bears interest at the Base Rate of 4.226%, until the Interest Reset Date of December 1, 2042, then the Base Rate shall be the greater of; (i) the sum of the 10-Year U.S. Treasury Rate as of the Interest Reset Date plus 200 basis points, multiplied by 80% or (ii) 3.50%.

Interest payments are due on June 1 and December 1 of each year, commencing December 1, 2022 (Interest Payment Dates). All interest due and payable shall be calculated on the basis of a 360-day year and actual number of days elapsed in the applicable period.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

$14,330,000 Series 2022 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Loan (Continued)

Principal payments are due December 1 of each year beginning on December 1, 2022. The 2022 Loan matures on December 1, 2052. To the extent that Principal of the 2022 Loan is not paid when due, principal shall remain outstanding until paid. To the extent interest not paid when due, such unpaid interest shall compound on each Interest Payment Date at a rate as described in the Loan Agreement.

The Loan is not subject to prepayment prior to the tenth anniversary of the Closing Date, except from excess Pledged Revenue. At its option and subject to the restrictions set forth in this Section, the District may prepay all or any part of the principal of the Loan from any legally available revenues on any date on or after the tenth anniversary of the Closing Date upon payment to the Bank of the principal amount so prepaid, accrued interest thereon to the prepayment date, without prepayment fee or penalty. The 2022 Loan is not subject to acceleration.

The principal of and interest on the Loan shall be payable solely from and to the extent of the Pledged Revenue, which consists of (a) the Required Mill Levy; (b) the portion of the Specific Ownership Taxes allocable to the amount of the Required Mill Levy; and (c) any other legally available moneys which the Board determines in its sole discretion to apply as Pledged Revenue. No assets have been pledged as collateral on the 2022 Loan.

Prior to the time when the Debt to Assessed Ratio is 50% or less, the Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with moneys held in the Loan Payment Fund, to pay the annual debt requirements for the next fiscal year, but not in excess of 50 mills (subject to adjustment). Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenue as required by the Loan Agreement and does not comply with other customary terms and conditions consistent with normal municipal financial as described in the Loan Agreement.

	Senior Bonds		
Year Ending December 31,	Principal	Interest	Total
2026	$ 215,000	$ 585,075	$ 800,075
2027	225,000	575,863	800,863
2028	245,000	567,774	812,774
2029	260,000	555,725	815,725
2030	285,000	544,585	829,585
2031-2035	1,715,000	2,525,323	4,240,323
2036-2040	2,315,000	2,109,087	4,424,087
2041-2045	2,950,000	1,663,414	4,613,414
2046-2050	3,710,000	939,827	4,649,827
2051-2052	1,735,000	122,307	1,857,307
Total	$ 13,655,000	$ 10,188,980	$ 23,843,980

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to $20,000,000 (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 6, 2007 and November 4, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $133,000,000 and $140,000,000, respectively. At December 31, 2025, the District had authorized but unissued indebtedness of $259,556,200.

NOTE 6 NET POSITION

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

Restricted 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 of $22,600 for emergencies as of December 31, 2025.

The District has a deficit in unrestricted net position. The deficit at December 31, 2025 was primarily due to interest paid and related costs on long-term debts.

NOTE 7 TRANSFERS

The District transferred $380,000 from the General Fund to Special Revenue Fund to support the ongoing maintenance of District facilities.

NOTE 8 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

The District pays annual premiums to the Pool for liability, property, workers' compensation, 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 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 6, 2007 and November 4, 2014, the District's voters approved for an annual increase in taxes of $500,000 and $5,000,000, respectively, for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

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

Annual operating property tax revenue is limited to a 5.25% increase (10.5% increase over a two-year period), such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

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

SUPPLEMENTARY INFORMATION

ORCHARD FARMS METROPOLITAN DISTRICT
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 775,596	$ 775,596	$ 775,813	$ 217
Specific Ownership Taxes	46,536	38,344	38,578	234
Interest Income	7,000	7,584	12,348	4,764
Total Revenues	829,132	821,524	826,739	5,215
EXPENDITURES				
County Treasurer's Fee	11,634	11,634	11,642	(8)
Paying Agent Fees	5,000	3,000	3,000	-
Loan Interest - Series 2022	585,301	593,430	593,430	-
Loan Principal - Series 2022	195,000	195,000	195,000	-
Contingency	6,065	6,936	-	6,936
Total Expenditures	803,000	810,000	803,072	6,928
NET CHANGE IN FUND BALANCE	26,132	11,524	23,667	12,143
Fund Balance - Beginning of Year	37,474	33,577	33,577	-
FUND BALANCE - END OF YEAR	$ 63,606	$ 45,101	$ 57,244	$ 12,143

OTHER INFORMATION

ORCHARD FARMS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

	$14,330,000 Tax - Exempt Refunding Loan, Series 2022 Issue date September 16, 2022 Principal Due Annually December 1 Interest at 4.226% Due June 1 and December 1		
Year Ending December 31,	Principal	Interest	Total
2026	$ 215,000	$ 585,075	$ 800,075
2027	225,000	575,863	800,863
2028	245,000	567,774	812,774
2029	260,000	555,725	815,725
2030	285,000	544,585	829,585
2031	300,000	532,373	832,373
2032	325,000	520,943	845,943
2033	340,000	505,594	845,594
2034	365,000	491,026	856,026
2035	385,000	475,387	860,387
2036	415,000	460,148	875,148
2037	435,000	441,109	876,109
2038	465,000	422,471	887,471
2039	485,000	402,547	887,547
2040	515,000	382,812	897,812
2041	540,000	359,700	899,700
2042	570,000	366,348	936,348
2043	580,000	339,764	919,764
2044	615,000	313,571	928,571
2045	645,000	284,031	929,031
2046	675,000	253,949	928,949
2047	710,000	222,468	932,468
2048	740,000	189,873	929,873
2049	775,000	154,841	929,841
2050	810,000	118,696	928,696
2051	850,000	80,918	930,918
2052	885,000	41,389	926,389
Total	$ 13,655,000	$ 10,188,980	$ 23,843,980

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ORCHARD FARMS METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

			Total Mills Levied			Total Property Taxes		Percent
Year Ended December 31,	Assessed Valuation	Percent Change	General Operations	Debt Service	Total	Levied	Collected	Collected to Levied
2019/2020	$ 8,885,760	0.0%	18.000	55.664	73.664	$ 654,561	$ 654,186	99.94 %
2020/2021	11,097,390	24.9%	18.000	55.664	73.664	817,478	815,313	99.74 %
2021/2022	14,282,420	28.7%	18.000	55.664	73.664	1,052,101	1,053,446	100.13 %
2022/2023	15,334,050	7.4%	18.467	45.815	64.282	985,703	985,706	100.00 %
2023/2024	19,164,780	25.0%	19.161	38.000	57.161	1,095,478	1,097,284	100.16 %
2024/2025	20,410,430	6.5%	19.161	38.000	57.161	1,166,680	1,167,006	100.03 %
Estimated for Year Ending December 31, 2026	$ 20,376,980	6.3%	19.161	38.000	57.161	$ 1,164,768		

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: Adams County Assessor and Treasurer.