

St. Vrain Lakes Metropolitan District No. 1
Weld County, Colorado

**Financial Statements and
Supplementary Information**
Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Vrain Lakes Metropolitan District No. 1
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Vrain Lakes 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 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. 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.

Emphasis of Matter — Correction of an Error

As discussed in Note 13 to the financial statements, the District identified an error in previously issued financial statements related to the depreciation of certain capital assets. As a result, beginning net position of governmental activities has been restated to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying budgetary comparison schedule – Capital Projects Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,



including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule – Capital Projects Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Clinger Hagerman, LLC

Greeley, Colorado
September 15, 2026

Basic Financial Statements

St. Vrain Lakes Metropolitan District No. 1
Statement of Net Position
December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 700,268
Accounts receivable	1,172,452
Developer receivable	2,119,644
Service fee receivable	295,900
Property taxes receivable	17,027
Capital assets, net	26,412,597
Prepaid items	67,502
Total Assets	<u>30,785,390</u>
LIABILITIES	
Accounts payable	1,359,216
Due to other entities	10,416
Payable to Little Thompson	44,356
Unearned revenue	77,055
Non-current liabilities:	
Due in more than one year	2,739,817
Total Liabilities	<u>4,230,860</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	17,027
Total Deferred Inflows of Resources	<u>17,027</u>
NET POSITION	
Net Investment in capital assets	22,445,351
Restricted for:	
Emergency	96,386
Unrestricted	3,995,766
Total Net Position	<u>\$ 26,537,503</u>

St. Vrain Lakes Metropolitan District No. 1
Statement of Activities
Year Ended December 31, 2025

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities:					
General government	\$ 606,400	\$ 1,349,247	\$ -	\$ -	\$ 742,847
Operations and maintenance	2,249,153	1,266,859	105,496	-	(876,798)
Resident committee coordination	6,628	13,328	-	-	6,700
Community management	584,170	15,000	-	-	(569,170)
Expenditures funded by developer	164,904	771,000	-	-	606,096
Contributions to Little Thompson	316,500	316,500	-	-	-
Interest on long-term debt	16,362	-	-	-	(16,362)
Total Governmental Activities	<u>3,944,117</u>	<u>3,731,934</u>	<u>105,496</u>	<u>-</u>	<u>(106,687)</u>
Total Primary Government	<u>\$ 3,944,117</u>	<u>\$ 3,731,934</u>	<u>\$ 105,496</u>	<u>\$ -</u>	<u>(106,687)</u>
General revenues					
Property tax					159,811
Specific ownership tax					6,041
Net investment income					92,712
Miscellaneous income					<u>50,253</u>
Total General revenues					<u>308,817</u>
Change in Net Position					202,130
Net Position, beginning of year, as previously reported					27,658,394
Error correction					(1,323,021)
Net Position, beginning of year, as restated					<u>26,335,373</u>
Net Position, end of year					<u>\$ 26,537,503</u>

St. Vrain Lakes Metropolitan District No. 1
Balance Sheet – Governmental Funds
December 31, 2025

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and investments	\$ 474,614	\$ 225,654	\$ 700,268
Receivables:			
Property taxes receivable	17,027	-	17,027
Accounts receivable	1,172,452	-	1,172,452
Developer receivable	298,916	1,820,728	2,119,644
Service fee receivable	295,900	-	295,900
Prepaid items	67,502	-	67,502
Total Assets	<u>\$ 2,326,411</u>	<u>\$ 2,046,382</u>	<u>\$ 4,372,793</u>
LIABILITIES			
Accounts payable	\$ 181,045	\$ 1,178,171	\$ 1,359,216
Due to other entities	10,416	-	10,416
Payable to Little Thompson	44,356	-	44,356
Unearned revenue	77,055	-	77,055
Total Liabilities	<u>312,872</u>	<u>1,178,171</u>	<u>1,491,043</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	17,027	-	17,027
FUND BALANCES			
Nonspendable	67,502	-	67,502
Restricted:			
Emergency reserves	96,386	-	96,386
Committed for:			
Capital projects	-	868,211	868,211
Unassigned	1,832,624	-	1,832,624
Total Fund Balances	<u>1,996,512</u>	<u>868,211</u>	<u>2,864,723</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,326,411</u>	<u>\$ 2,046,382</u>	<u>\$ 4,372,793</u>

St. Vrain Lakes Metropolitan District No. 1
Reconciliation of the Balance Sheet – Governmental
Funds to the Statement of Net Position
December 31, 2025

Fund balances - total governmental funds	\$ 2,864,723
Amounts reported for the governmental activities in the Statement of Net Position are different for the following reasons:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	26,412,597
Long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the governmental funds.	
Developer advance	<u>(2,739,817)</u>
Net position of governmental activities	<u>\$ 26,537,503</u>

St. Vrain Lakes Metropolitan District No. 1
Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds
Year Ended December 31, 2025

	General	Capital Projects	Total Governmental Funds
Revenues			
Property taxes	\$ 159,811	\$ -	\$ 159,811
Specific ownership taxes	6,041	-	6,041
Charges for services	2,066,187	-	2,066,187
Intergovernmental	508,479	840,768	1,349,247
Developer contributions	105,496	-	105,496
Firming fees	316,500	-	316,500
Interest income	92	92,620	92,712
Miscellaneous income	50,253	-	50,253
Total revenues	<u>3,212,859</u>	<u>933,388</u>	<u>4,146,247</u>
Expenditures			
General government	606,400	-	606,400
Operations and maintenance	1,290,568	-	1,290,568
Resident committee coordination	6,628	-	6,628
Community management	584,170	-	584,170
Expenditures funded by developer	164,904	-	164,904
Contributions to Little Thompson	316,500	-	316,500
Debt service			
Principal	-	831,790	831,790
Interest and fiscal charges	-	8,978	8,978
Capital outlay	-	3,819,683	3,819,683
Total expenditures	<u>2,969,170</u>	<u>4,660,451</u>	<u>7,629,621</u>
Excess Revenues Over (Under) Expenditures	<u>243,689</u>	<u>(3,727,063)</u>	<u>(3,483,374)</u>
Other Financing Sources (Uses)			
Developer advances	-	3,313,580	3,313,580
Total other financing sources (uses)	<u>-</u>	<u>3,313,580</u>	<u>3,313,580</u>
Net Change in Fund Balance	243,689	(413,483)	(169,794)
Fund Balance, beginning of year	1,752,823	1,281,694	3,034,517
Fund Balance, end of year	<u>\$ 1,996,512</u>	<u>\$ 868,211</u>	<u>\$ 2,864,723</u>

St. Vrain Lakes Metropolitan District No. 1
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances – Governmental
Funds to the Statement of Activities
Year Ended December 31, 2025

Net change in fund balance - total governmental funds	\$ (169,794)
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Amounts reported for governmental activities in the Statement of Activities are different for the following reasons:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is recognized through depreciation or amortization over the asset's estimated useful life.

Expenditures for capital assets	3,807,882
Depreciation expense	(946,784)

Repayment of reimbursement obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Developer advances	(3,313,580)
Long-term debt principal payments	831,790

Some expenses reported in the Statement of Activities do not require current financial resources and are not reported as expenditures in governmental funds.

Change in accrued interest payable	<u>(7,384)</u>
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Change in net position of governmental activities	<u>\$ 202,130</u>
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St. Vrain Lakes Metropolitan District No. 1

Notes to the Financial Statements

Note 1 – Definition of Reporting Entity

St. Vrain Lakes Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 29, 2006, pursuant to the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized as part of a service plan establishing the District, St. Vrain Lakes Metropolitan District No. 2 (District No. 2), St. Vrain Lakes Metropolitan District No. 3 (District No. 3), and St. Vrain Lakes Metropolitan District No. 4 (District No. 4). The District, District No. 2, District No. 3, and District No. 4 are collectively referred to as the *Districts*. District No. 1 is to be the service district and manages and oversees the permitted district activities. District Nos. 2, 3 and 4 are the financing districts. The District was established to provide for the construction and financing of the public improvements for the use and benefit of the residents and property owners within the service area. The District is governed by an elected Board of Directors.

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

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The District follows GASB guidance in determining the financial reporting entity. Under GASB standards, legally separate organizations are included within the reporting entity if the District is financially accountable for those organizations or if the nature and significance of the relationship is such that exclusion would cause the financial statements to be misleading or incomplete.

Based upon the application of the criteria established by GASB, the District has determined that no legally separate organizations should be included as component units of the District. Accordingly, St. Vrain Lakes Metropolitan District Nos. 2, 3 and 4 are excluded from the District's reporting entity. The District is not a component unit of any other governmental entity.

Note 2 – Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the governmental activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes, specific ownership taxes, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not report any business-type activities.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, specific ownership taxes, and other items not properly included among program revenues are reported instead as general revenues.

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

St. Vrain Lakes Metropolitan District No. 1

Notes to the 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. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Specific ownership taxes, which are assessed on motor vehicles and allocated by the State of Colorado to local governments in lieu of property taxes, are recognized as revenue in the period for which they are collected by the County and are intended to compensate the District for property tax revenue associated with the current levy. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Revenues are considered 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 year-end.

Property taxes, specific ownership taxes, interest revenue, and certain intergovernmental revenues associated with the current fiscal period are considered susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. All other revenue items are recognized when cash is received because they are generally not measurable until actually received.

Expenditures generally are recognized when the related liability is incurred. However, principal and interest on long-term debt are recognized as expenditures only when payment is due.

The District reports the following major governmental funds:

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

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

Budgets and Budgetary Accounting

In accordance with the State Budget Law of Colorado, 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.

Fair Value of Financial Instruments

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

Cash and Investments

Cash includes demand deposits, savings accounts, and other highly liquid investments with maturities of three months or less from the date of acquisition. Investments for the District are reported at fair value.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical

St. Vrain Lakes Metropolitan District No. 1

Notes to the Financial Statements

cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the related debt using the straight-line method. Management has determined that this method is not materially different from the effective interest method.

In the governmental fund financial statements, proceeds from the issuance of long-term debt are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Principal and interest payments are reported as debt service expenditures when due. Long-term debt is not reported as a liability in the governmental fund financial statements because those statements are prepared using the current financial resources measurement focus.

Deferred Outflows/Inflows of Resources

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

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

Net Position and Fund Balance Classifications **Government-wide Statements**

Net position is displayed in three components:

Net investment in capital assets — capital assets, net of accumulated depreciation, plus capital related deferred outflows of resources reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position — net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — Residual net position that does not meet the definition of “restricted net position” or “net investment in capital assets.”

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

St. Vrain Lakes Metropolitan District No. 1

Notes to the Financial Statements

Fund Statements

The residual amount remaining after liabilities and deferred inflows of resources are subtracted from the sum of assets and deferred outflows of resources is called fund balance. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance is classified into five components: nonspendable, restricted, committed, assigned, and unassigned. Definitions are presented below:

Nonspendable Fund Balance—This classification reflects the portion of net resources that is inherently nonspendable because of its form or because it must be maintained intact.

Restricted Fund Balance—The portion of fund balance for which there are legally enforceable restrictions on use, either by limitations imposed (1) by creditors, grantors, contributors, or laws and regulations of other governments or (2) by laws through constitutional provisions or enabling legislation.

Committed Fund Balance—The portion of net resources for which there are self-imposed limitations enacted by the District that (1) require formal action at the same level to remove and (2) are set in place prior to the end of the period. Fund balance commitments are established, modified, or rescinded through a resolution enacted by the Board of Directors in accordance with Colorado law. 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 net resources after nonspendable, restricted, committed, and assigned amounts have been determined in the General Fund. No other funds report unassigned fund balance, unless expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, resulting in a negative unassigned fund balance value.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources – first committed, then assigned and unassigned.

Revenues, Expenditures and Expenses

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the Weld County Assessor generally as of January 1 of each year. Property taxes are certified to the County Commissioners no later than December 15 for collection in the following year. The County Treasurer collects the taxes and remits collections to the District throughout the year. The taxes are payable by April or 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.

Property taxes are recognized in accordance with GAAP. Property taxes levied for the subsequent year are recorded as deferred inflows of resources when measurable and recognized as revenue in the year for which they are levied, provided they are available to finance current operations. Any taxes not considered available are reported as deferred inflows of resources until the period in which they become available.

Charges for Services and Intergovernmental Revenues

Charges for services consist primarily of operations, maintenance, development and other fees assessed to property owners within the District pursuant to adopted fee schedules and agreements. Such revenues are recognized when the applicable services are provided or when the District has an enforceable right to the amounts assessed. Intergovernmental revenues consist primarily of amounts received or receivable from other districts pursuant to intergovernmental and service agreements for the funding of operations, maintenance, capital improvements and other District activities. These revenues are recognized when the underlying eligibility requirements or contractual provisions have been satisfied and, for governmental funds, when the amounts are measurable and available.

St. Vrain Lakes Metropolitan District No. 1

Notes to the Financial Statements

Developer Contributions and Firming Fees

Developer contributions represent amounts provided or reimbursable by the Developer for eligible District costs pursuant to applicable development and reimbursement agreements. Contributions are recognized as revenue when the District has incurred the related reimbursable costs and has an enforceable right to reimbursement from the Developer. Firming fees are assessed and collected from property owners pursuant to an intergovernmental agreement with Little Thompson Water District and are recognized when assessed and measurable. Amounts collected that are required to be remitted to Little Thompson Water District are reported as expenditures when the related obligation is incurred.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Recently Adopted Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures*, was implemented by the District for the fiscal year ended December 31, 2025. Management determined that no concentrations or constraints requiring disclosure were present; therefore, implementation had no impact on the District's financial statements and no additional disclosures were required.

Subsequent Events

Management has evaluated subsequent events through September 15, 2026, the date the financial statements were available to be issued. Based on this evaluation, no events occurred that require recognition or disclosure in the accompanying financial statements.

Note 3 – Cash and Investments

The District's cash and investments as of December 31, 2025 consist of the following:

Cash on hand	\$ 31
Deposits with financial institutions	133,516
Investments	566,721
Total	<u>\$ 700,268</u>

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 deposits 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 equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2025, the District had no cash deposits in excess of FDIC limits.

Investments

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

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

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

St. Vrain Lakes Metropolitan District No. 1

Notes to the Financial Statements

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

At December 31, 2025, the District's investment consisted entirely of an investment in the Colorado Local Government Liquid Asset Trust (COLOTRUST) totaling \$566,721.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset 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 COLOTRUST. COLOTRUST offers shares in two portfolios, COLOTRUST Prime and COLOTRUST Plus. 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for COLOTRUST'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 COLOTRUST. COLOTRUST is rated AAAM by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. As of December 31, 2025, the District has \$566,721 invested in COLOTRUST.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits its exposure to credit risk by investing in investments authorized by Colorado statutes.

At December 31, 2025, the District's investment in COLOTRUST PLUS+ was rated AAAM by S&P Global Ratings.

Fair Value Measurement and Application

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

Note 4 – Developer Receivable

Pursuant to agreements between the District and the developer, certain costs incurred by the District are reimbursable by the developer. The developer may satisfy its reimbursement obligations by advancing funds to the District.

At December 31, 2025, the District reported a receivable from the developer of \$2,119,644 for reimbursable costs incurred by the District that had not yet been funded or paid by the developer as of year-end. The entire amount outstanding at December 31, 2025 was subsequently received by the District. Accordingly, management considers the receivable to be fully collectible, and no allowance for uncollectible amounts has been recorded.

St. Vrain Lakes Metropolitan District No. 1
Notes to the Financial Statements

Note 5 – Capital Assets

The following is a summary of the changes in capital assets of the District for the year ended December 31, 2025:

	Balance December 31, 2024 (Restated)	Additions	Deletions	Balance December 31, 2025
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	6,603,452	3,807,882	-	10,411,334
Total capital assets, not being depreciated	6,603,452	3,807,882	-	10,411,334
Capital Assets, Being Depreciated				
Buildings and improvements	12,986,066	-	-	12,986,066
Site infrastructure	7,560,112	-	-	7,560,112
Total capital assets, being depreciated	20,546,178	-	-	20,546,178
Less Accumulated Depreciation				
Buildings and improvements	(2,275,110)	(568,778)	-	(2,843,888)
Site infrastructure	(1,323,021)	(378,006)	-	(1,701,027)
Total accumulated depreciation	(3,598,131)	(946,784)	-	(4,544,915)
Total capital assets, being depreciated, net	16,948,047	(946,784)	-	16,001,263
Total capital assets, net	\$ 23,551,499	\$ 2,861,098	\$ -	\$ 26,412,597

Upon completion and acceptance, a majority of the capital assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance. Depreciation expense during the year was \$946,784 and allocated to the functional category of operations and maintenance.

Note 6 – Long-term Obligations

The following is a summary of the changes in long-term obligations of the District for the year ended December 31, 2025:

	Balance December 31, 2024	Additions	Reductions	Balance December 31, 2025	Due Within One Year
Governmental Activities					
<i>Developer Advances</i>					
Capital - Principal	\$ 67,772	\$ 3,313,580	\$ 831,790	\$ 2,549,562	\$ -
Capital - Interest	338	9,084	8,134	1,288	-
Operations - Principal	98,979	-	-	98,979	-
Operations - Interest	83,554	6,434	-	89,988	-
Total Governmental Activities					
Long-Term Liabilities	\$ 250,643	\$ 3,329,098	\$ 839,924	\$ 2,739,817	\$ -

Infrastructure Acquisition and Reimbursement Agreement

On February 13, 2019, the District entered into a Public Improvement Acquisition and Reimbursement Agreement which superseded and replaced the previous Reimbursement and Acquisition Agreement, whereby the District agrees to reimburse Barefoot, LLC (Developer) for all District costs incurred by the Developer, whether by construction of public infrastructure or by advancement of funds to the District for the purpose of providing public

St. Vrain Lakes Metropolitan District No. 1

Notes to the Financial Statements

infrastructure including all related costs such as (but not limited to) organization costs, engineering, architectural, surveying, construction planning, and related legal, accounting and other professional services.

Upon demand by the Developer, the District shall issue one or more Reimbursement Obligations payable to the Developer for a principal amount up to the amount of certified eligible costs, as defined in the agreement. Such Reimbursement Obligations constitute multiple fiscal year financial obligations of the District and are subject to annual appropriation by the District and will be secured by ad valorem property taxes as permitted by the District's Service Plan. The Reimbursement Obligations will be negotiated at market rates with specified maturity dates.

The advances (except to the extent converted to a Reimbursement Obligation) do not constitute multiple fiscal year financial obligations of the District and are not subject to annual appropriation by the District. The advances bear interest at a rate of 6.5% per annum from the date of the advance. The advances and Reimbursement Obligations are to be repaid using bond proceeds or any other legally available revenues. As of December 31, 2025, all amounts are considered advances and totaled \$2,648,541, plus \$91,853 in accrued interest.

Authorized Debt

Pursuant to the District's Service Plan and voter authorization, the Districts have authority to issue general obligation indebtedness for the financing of public improvements. The aggregate principal amount of debt authorized for the Districts is \$166,500,000. This authorization is shared among the districts and is not allocated to any individual district. As of December 31, 2025, a portion of the authorized debt has been issued by the Districts (Nos. 2 and 4). Future debt issuances remain subject to the limitations of the Service Plan, applicable law, and authorization by the Board of Directors.

Note 7 – Development Fees

On February 13, 2007, the District adopted a Joint Resolution Concerning the Imposition of District Fees, which authorizes the imposition of various fees and charges for services within the Districts. On September 10, 2013, the District amended and restated the resolution and adopted a schedule of fees and charges for costs associated with the services, programs, improvements, facilities, capital costs and/or operational costs provided by the District. The District entered into a First Amendment to the Joint Resolution Regarding Imposition of District fees on September 11, 2017, to require that payment of the Development fee is due prior to the issuance of a building permit with the District. The District adopted an Amended and Restated Resolution Regarding Imposition of District Fees on November 18, 2025, restating and consolidating the Prior Fee Resolution in its entirety. The Development fee is a one-time fee and is imposed for services provided in connection with the construction and operations and maintenance of public facilities. The Development fee is determined pursuant to a fee schedule and may be automatically increased by five percent each year commencing January 1, 2014 and each January 1 until no dwelling units remain to be constructed within the District. During 2025, the District charged \$771,000 in development fees.

Note 8 – District Agreements

District Facilities Construction and Service Agreement (Master IGA)

On June 12, 2007, the District entered into a District Facilities Construction and Service Agreement (Master IGA) with District No. 2, District No. 3 and District No. 4. This Master IGA provides for the implementation of the principles and objectives set forth in the Districts' Service Plan regarding the financing, construction, operation and maintenance of the Districts' facilities. The Master IGA was superseded by (i) a Mill Levy Policy and Pledge Agreement dated as of November 9, 2016 (as subsequently amended and restated by the Amended and Restated Mill Levy Policy and Pledge Agreement dated as of December 1, 2017, the Mill Levy Agreement), among the Districts; and (ii) a District Operating Services Agreement dated as of November 9, 2016 (the District Operating Services Agreement), among the Districts.

Mill Levy Policy Agreement

On November 9, 2016, the District entered into the Mill Levy Policy and Pledge Agreement, as amended and restated, to establish an equitable allocation of the costs of providing and maintaining the public improvements throughout the development. The Mill Levy Agreement stipulates that any revenue collected by any of District Nos. 2, 3, and 4 from their respective debt service mill levies and specific ownership taxes which are not pledged

St. Vrain Lakes Metropolitan District No. 1

Notes to the Financial Statements

for debt service purposes for their own obligations shall be pledged to District No. 1 for the payment of debt obligations of District No. 1.

District Operating Services Agreement

On November 9, 2016, the District entered into a District Operating Services Agreement which provides that District No. 1 will provide operational and maintenance services to District Nos. 2, 3, and 4, and District Nos. 2, 3, and 4 will impose an operations and maintenance mill levy and remit the proceeds thereof to District No. 1 to pay for such services.

Intergovernmental Agreement with the Town of Firestone

On December 9, 2015, the District entered into an Intergovernmental Agreement with the Town of Firestone (the Town) and District Nos. 2, 3 and 4 whereby, commencing with the certification of a mill levy in 2015 for collection in 2016, each of the Districts agrees to annually impose, collect, transfer, convey and remit to the Town all revenues generated from a levy of five (5) mills that shall be imposed upon all taxable property of each such District. Each District shall remit these funds monthly to the Town. The Town will place these funds in a separate account to be used to maintain regional parks, regional trails and public streets within or benefiting the property within the boundaries of the Districts.

Firming Fees Intergovernmental Agreement

On May 8, 2019, the District entered into an intergovernmental agreement with Little Thompson Water District and Brookfield Residential LLC related to firming fees assessed to lot owners residing within Barefoot Lakes. Barefoot Lakes is a mixed-use community in Firestone, Colorado which is being developed by Barefoot LLC, a subsidiary of Brookfield Residential LLC. The District makes annual payments to Little Thompson Water District on or about December 1 of each year based on firming fees collected from December 1 through November 30 of the preceding twelve-month period. As of December 31, 2025, the District owed \$44,356 to the Little Thompson Water District.

Note 9 – Economic Dependency

The District has not yet established a revenue base sufficient to pay for the District's capital improvement requirements. Until an independent revenue base is established, the continuation of capital improvements in the District will be dependent on funding by the Developer.

Note 10 – Related Parties

The District operates within the St. Vrain Lakes multiple-district financing structure established by the Service Plan and the Master IGA. In the ordinary course of operations, the District enters into transactions with St. Vrain Lakes Metropolitan District Nos. 2, 3 and 4 pursuant to the governing financing and intergovernmental agreements. These transactions include the receipt of service fees, cost-sharing reimbursements, and other amounts contemplated by those agreements. Management believes such transactions were conducted in accordance with the applicable agreements.

Pursuant to Note 4, as of December 31, 2025, the Developer owes the District \$2,119,644 for contributions and advances made to the District.

As noted in Note 6, the District owes capital and operating advances totaling \$2,648,541 along with \$91,853 of accrued interest to the Developer as of December 31, 2025.

Note 11 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool), an intergovernmental risk-sharing organization established to provide property, liability, public officials' liability, and other insurance coverage to participating special districts. The District pays annual premiums to the Pool for this

St. Vrain Lakes Metropolitan District No. 1

Notes to the Financial Statements

coverage. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and accumulated reserves, the Pool may require additional contributions from participating members.

There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded insurance coverage during any of the past three fiscal years.

Note 12 – Taxpayer’s Bill of Rights (TABOR)

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), limits the amount of revenue that Colorado local governments may retain and spend without voter approval and imposes restrictions on the issuance of debt. 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 and benefit increases.

The District's policy is to maintain its TABOR emergency reserve at an amount equal to 3% of the greater of General Fund revenues or expenditures. For the year ended December 31, 2025, General Fund revenues exceeded expenditures and, accordingly, were used as the basis for determining the District's TABOR emergency reserve. At December 31, 2025, the District reported a TABOR emergency reserve of \$96,386.

Management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to judicial interpretation, and additional interpretations of its provisions may be issued in the future.

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

Note 13 – Error Correction

During the year ended December 31, 2025, the District identified errors in its previously issued financial statements related to the classification and depreciation of certain capital assets. Certain infrastructure assets that had previously been classified as non-depreciable capital assets were determined to be depreciable and were reclassified accordingly. Accordingly, \$7,560,111 of capital assets previously reported as non-depreciable were reclassified to depreciable capital assets as of December 31, 2024.

As a result of the reclassification, depreciation had not been recorded on these assets in prior periods. Accumulated depreciation associated with governmental activities as of December 31, 2024, which had previously been reported as \$2,275,111, was understated by \$1,323,021. The correction increased accumulated depreciation by \$1,323,021 and decreased net position of governmental activities by the same amount.

Accordingly, net position of governmental activities as of December 31, 2024, which was previously reported as \$27,658,394, has been restated to \$26,335,373.

Required Supplementary Information

St. Vrain Lakes Metropolitan District No. 1
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	<u>Budget</u>		
	<u>Original and</u>		<u>Variance with</u>
	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES:			
Property taxes	\$ 145,347	\$ 159,811	\$ 14,464
Specific ownership taxes	11,698	6,041	(5,657)
Charges for services	1,923,618	2,066,187	142,569
Intergovernmental	513,566	508,479	(5,087)
Developer contributions	130,872	105,496	(25,376)
Firming fees	325,000	316,500	(8,500)
Investment income	50,000	92	(49,908)
Miscellaneous income	-	50,253	50,253
TOTAL REVENUES	<u>3,100,101</u>	<u>3,212,859</u>	<u>112,758</u>
EXPENDITURES			
General government	499,306	606,400	(107,094)
Operations and maintenance	1,680,463	1,290,568	389,895
Resident committee coordination	-	6,628	(6,628)
Community management	547,312	584,170	(36,858)
Expenditures funded by developer	187,000	164,904	22,096
Contributions to Little Thompson	325,000	316,500	8,500
Contingency	30,000	-	30,000
TOTAL EXPENDITURES	<u>3,269,081</u>	<u>2,969,170</u>	<u>299,911</u>
EXCESS (DEFICIENCY) OF			
REVENUES OVER EXPENDITURES	(168,980)	243,689	412,669
Fund Balance, beginning of year	<u>1,752,823</u>	<u>1,752,823</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 1,583,843</u>	<u>\$ 1,996,512</u>	<u>\$ 412,669</u>

Note 1: Stewardship, Compliance, and Accountability

Budgets

The District follows these procedures to establish the budgetary information reflected in the financial statements:

- In October, management submits to the District Board a proposed budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the District Board.
- Budgets are legally adopted for all funds of the District. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Capital outlay and debt payments are budgeted as expenditures and depreciation is not budgeted.
- Colorado governments may not exceed budgeted appropriations at the fund level.
- All appropriations lapse at year end.

Supplementary Information

St. Vrain Lakes Metropolitan District No. 1
Budgetary Comparison Schedule – Capital Projects Fund
Year Ended December 31, 2025

	<u>Budget</u>		
	<u>Original and</u>		<u>Variance with</u>
	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES:			
Intergovernmental	\$ -	840,768	840,768
Interest income	100,000	92,620	(7,380)
TOTAL REVENUES	<u>100,000</u>	<u>933,388</u>	<u>833,388</u>
EXPENDITURES			
Debt service			
Principal	-	831,790	(831,790)
Interest and fiscal charges	-	8,978	(8,978)
Capital outlay	34,206,030	3,819,683	30,386,347
TOTAL EXPENDITURES	<u>34,206,030</u>	<u>4,660,451</u>	<u>29,545,579</u>
EXCESS (DEFICIENCY) OF			
REVENUES OVER EXPENDITURES	(34,106,030)	(3,727,063)	30,378,967
OTHER FINANCING SOURCES (USES)			
Developer advances	33,191,410	3,313,580	(29,877,830)
NET CHANGE IN FUND BALANCE	<u>(914,620)</u>	<u>(413,483)</u>	<u>501,137</u>
Fund Balance, beginning of year	1,281,694	1,281,694	-
Fund Balance, end of year	<u>\$ 367,074</u>	<u>\$ 868,211</u>	<u>\$ 501,137</u>