

St. Vrain Lakes Metropolitan District No. 2
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. 2
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. 2 (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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.

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 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 – Debt Service 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 – debt service fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedules outlined in the table of contents but 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 we do not express an opinion or any form of assurance thereon.

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.

Clinger Hagerman, LLC

Greeley, Colorado
September 2, 2026

Basic Financial Statements

St. Vrain Lakes Metropolitan District No. 2
Statement of Net Position
December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments- restricted	\$ 1,657,264
Property taxes receivable	967,904
Due from other governments	13,645
Total Assets	<u>2,638,813</u>
DEFERRED OUTFLOWS OF RESOURCES	
Loss on debt refunding, net of accumulated amortization	342,820
Total Deferred Outflows of Resources	<u>342,820</u>
LIABILITIES	
Due to District No. 1	13,585
Service fee payable	282,315
Accrued interest	250,096
Non-current liabilities:	
Due within one year	425,000
Due in more than one year	58,344,127
Total Liabilities	<u>59,315,123</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	967,904
Total Deferred Inflows of Resources	<u>967,904</u>
NET POSITION	
Restricted for:	
Debt service	1,374,999
Unrestricted	(58,676,393)
Total Net Position	<u>\$ (57,301,394)</u>

St. Vrain Lakes Metropolitan District No. 2
Statement of Activities
Year Ended December 31, 2025

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities:					
General government	\$ 1,529,325	\$ -	\$ -	\$ -	\$ (1,529,325)
Interest on long-term debt	3,084,915	-	-	-	(3,084,915)
Total Governmental Activities	4,614,240	-	-	-	(4,614,240)
Total Primary Government	<u>\$ 4,614,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,614,240)</u>
General revenues					
Property tax					3,039,339
Specific ownership tax					123,099
Net investment income					135,032
Total General revenues					<u>3,297,470</u>
Change in Net Position					(1,316,770)
Net Position, beginning of year					<u>(55,984,624)</u>
Net Position, end of year					<u>\$ (57,301,394)</u>

St. Vrain Lakes Metropolitan District No. 2
Balance Sheet – Governmental Funds
December 31, 2025

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - Restricted	\$ 282,265	\$ 1,374,999	\$ 1,657,264
Receivables:			
Property taxes	211,242	756,662	967,904
Due from other governments	13,645	-	13,645
Total Assets	<u><u>\$ 507,152</u></u>	<u><u>\$ 2,131,661</u></u>	<u><u>\$ 2,638,813</u></u>
LIABILITIES			
Due to District No. 1	\$ 13,585	\$ -	\$ 13,585
Service fee payable	282,315	-	282,315
Total Liabilities	<u>295,900</u>	<u>-</u>	<u>295,900</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	211,242	756,662	967,904
FUND BALANCES			
Restricted:			
Debt service	-	1,374,999	1,374,999
Unassigned	10	-	10
Total Fund Balances	<u>10</u>	<u>1,374,999</u>	<u>1,375,009</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 507,152</u></u>	<u><u>\$ 2,131,661</u></u>	<u><u>\$ 2,638,813</u></u>

St. Vrain Lakes Metropolitan District No. 2
Reconciliation of the Balance Sheet – Governmental
Funds to the Statement of Net Position
December 31, 2025

Fund balances - total governmental funds	\$ 1,375,009
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Amounts reported for the governmental activities in the Statement of Net Position are different for the following reasons:

Long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the governmental funds.

Bonds payable	(58,268,000)
Accrued interest	(250,096)
Loss on debt refunding, net	342,820
Unamortized premium/discount on bonds, net	<u>(501,127)</u>

Net position of governmental activities	\$ <u>(57,301,394)</u>
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St. Vrain Lakes Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes
in Fund Balance – Governmental Funds
Year Ended December 31, 2025

	General	Debt Service	Total Governmental Funds
Revenues			
Property taxes	\$ 656,626	\$ 2,382,713	\$ 3,039,339
Specific ownership taxes	26,502	96,597	123,099
Interest income	403	134,629	135,032
Total revenues	<u>683,531</u>	<u>2,613,939</u>	<u>3,297,470</u>
Expenditures			
General government	683,521	845,804	1,529,325
Debt service			
Principal	-	287,000	287,000
Interest and fiscal charges	-	3,129,997	3,129,997
Total expenditures	<u>683,521</u>	<u>4,262,801</u>	<u>4,946,322</u>
Net Change in Fund Balance	10	(1,648,862)	(1,648,852)
Fund Balance, beginning of year	-	3,023,861	3,023,861
Fund Balance, end of year	<u>\$ 10</u>	<u>\$ 1,374,999</u>	<u>\$ 1,375,009</u>

St. Vrain Lakes Metropolitan District No. 2
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance – Governmental
Funds to the Statement of Activities
Year Ended December 31, 2025

Net change in fund balances - total governmental funds	\$ (1,648,852)
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Amounts reported for governmental activities in the Statement of Activities are different for the following reasons:

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Premiums and discounts on debt issuance are recognized as a current resource at issuance in governmental funds but are amortized over the life of the debt.

Long-term debt principal payments	287,000
Amortization of premiums and discounts	17,306

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 on bonds	43,375
Amortization of loss on debt refunding	<u>(15,599)</u>

Change in net position of governmental activities	<u>\$ (1,316,770)</u>
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St. Vrain Lakes Metropolitan District No. 2

Notes to the Financial Statements

Note 1 – Definition of Reporting Entity

St. Vrain Lakes Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on June 14, 2004, 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. 1 (District No. 1), St. Vrain Lakes Metropolitan District No. 3 (District No. 3), and St. Vrain Lakes Metropolitan District No. 4 (District No. 4) (the Service Plan). The District, District No. 1, 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. 1, 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.

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 and specific ownership taxes are recognized as revenues in the year for which they are levied. 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. Developer advances are not considered revenues of the District.

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.

Debt Service Fund – The Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term debt.

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. The budget was amended for the year ending December 31, 2025.

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. Certain cash and investments are restricted pursuant to the Indenture of Trust and Pledge related to the District's debt. Restricted amounts are held by the Trustee and may be used only for debt service purposes as provided in the bond documents.

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 reports the deferred loss on refunding as a deferred outflow of resources in the accompanying Statement of Net Position.

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 reports deferred property taxes as deferred inflows and recognizes them as revenue when 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. The District functions as a financing arm of the development and has no capital assets, and therefore no net investment in capital 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.

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

St. Vrain Lakes Metropolitan District No. 2

Notes to the Financial Statements

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.

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 2, 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 are restricted as of December 31, 2025, and consist of the following:

Cash and Investment Type	
Colorado Liquid Asset Trust (COLOTRUST)	\$ 1,657,264
Total cash and investments	\$ 1,657,264

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:

- 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 \$1,657,264.

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 \$1,657,264 invested in COLOTRUST.

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.

St. Vrain Lakes Metropolitan District No. 2

Notes to the Financial Statements

Note 4 – Long-term Debt

The following is a summary of the changes in long-term debt 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>General Obligation Bonds</i>					
2024A Bonds	\$ 40,855,000	\$ -	\$ 65,000	\$ 40,790,000	\$ 425,000
2024B Bonds	17,700,000	-	222,000	17,478,000	-
Unamortized premium - 2024A Bonds	518,433	-	17,306	501,127	-
Total Governmental Activities					
Long-term Liabilities	<u>\$ 59,073,433</u>	<u>\$ -</u>	<u>\$ 304,306</u>	<u>\$ 58,769,127</u>	<u>\$ 425,000</u>

General Obligation Refunding Bonds

The District has issued the following general obligation and refunding bonds:

Series 2024 Bonds

On November 26, 2024, the District issued \$40,855,000 Limited Tax General Obligation Refunding Bonds, Series 2024A (Series 2024A Bonds) and \$17,700,000 Subordinate Limited Tax General Obligation Bonds, Series 2024B (Series 2024B Bonds), (collectively the Series 2024 Bonds). The Series 2024 Bonds were issued for the purpose of refunding the outstanding Series 2017 Bonds and funding additional public improvements necessary for the development of the St. Vrain Lakes Districts.

The Series 2024A Bonds bear interest at rates ranging from 4.125% to 5.000%, payable semiannually on June 1 and December 1, and mature on November 1, 2054. The Series 2024A Bonds are secured by a required maximum mill levy of 50.000 mills, the portion of specific ownership taxes attributable to the property taxes used for debt service and to the extent excess pledged revenues are available.

The Series 2024B Bonds bear interest at 6.375% and mature on December 15, 2048. The Series 2024B Bonds are cash flow bonds with annual payments anticipated to be made on December 15. Unpaid interest compounds annually on December 15 at the rate of 6.375%. Payments toward interest and principal can be made to the extent of Subordinate Pledged Revenue. The District is required to impose the minimum required mill levy of 50.000 mills until the Series 2024B Bonds are fully paid or discharged on December 15, 2064; however, only revenues resulting from the number of mills equal to 50.000 mills less the Senior Obligation Mill Levy are pledged to payment of the Series 2024B Bonds.

A loss on deferred refunding was recorded in the amount of \$360,070 due to the difference between the reacquisition price and the carrying amount of the old debt. The deferred refunding is amortized based on the maturity date of Series 2017 General Obligation Bonds. Accumulated amortization as of December 31, 2025, was \$17,250.

Events of Default

The bond resolutions contain customary events of default, including the failure to impose or apply the required mill levy or pledged revenues, failure to perform material covenants contained in the bond resolutions, failure to cure defaults after required notice, and the filing of certain bankruptcy or insolvency proceedings by the District. Because repayment is limited to pledged revenues, an insufficiency of pledged revenues, by itself, does not constitute an event of default where provided by the applicable bond resolution.

Authorized Debt

At the District's organizational election, voters authorized the issuance of debt for various public improvements and other purposes. Under the District's Service Plan, the aggregate debt payable from pledged ad valorem taxes for the Districts is generally limited to \$166,500,000, subject to certain exceptions and provisions allowing an increase with County approval.

St. Vrain Lakes Metropolitan District No. 2
Notes to the Financial Statements

Annual Debt Service Requirements

The annual requirements to amortize the outstanding bonds as of December 31, 2025 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2026	\$ 425,000	\$ 2,467,734	\$ 2,892,734
2027	445,000	2,792,984	3,237,984
2028	510,000	2,988,547	3,498,547
2029	535,000	3,124,652	3,659,652
2030	610,000	3,285,647	3,895,647
2031-2035	5,292,000	15,503,541	20,795,541
2036-2040	9,947,000	11,990,003	21,937,003
2041-2045	14,262,000	8,739,332	23,001,332
2046-2050	15,577,000	4,336,342	19,913,342
2051-2054	10,665,000	1,154,230	11,819,230
Total	\$ 58,268,000	\$ 56,383,012	\$ 114,651,012

Note 5 – 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. 1, 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 November 14, 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 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. 1, 3, and 4. Under the agreement, beginning with the 2015 mill levy collected in 2016, each District annually levies five mills on all taxable property within its boundaries and remits the resulting revenues monthly to the Town. The Town holds these funds in a separate account for the maintenance of regional parks, regional trails, and public streets within or benefiting the property within the boundaries of the Districts.

Note 6 – Related Parties

The District is part of the St. Vrain Lakes multiple-district structure and enters into transactions with St. Vrain Lakes Metropolitan District Nos. 1, 3, and 4 pursuant to intergovernmental agreements. These transactions may include service fees, reimbursements, cost allocations, and other amounts contemplated by the agreements.

During 2025, the District incurred \$1,301,101 in service fees charged by St. Vrain Lakes Metropolitan District No. 1 pursuant to the applicable intergovernmental agreements. At December 31, 2025, amounts reported in the accompanying financial statements included \$10,416 due from St. Vrain Lakes Metropolitan District No. 1, \$13,585 due to St. Vrain Lakes Metropolitan District No. 1, and \$197,559 of service fees payable to St. Vrain Lakes Metropolitan District No. 1. Amounts due to related parties are payable as funds become available.

Note 7 – 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 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 8 – Taxpayer's Bill of Rights (TABOR)

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.

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 management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation. On November 7, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 9 – Deficit Net Position

The District reported a deficit net position of \$(57,301,394) at December 31, 2025. The deficit is primarily attributable to the District's financing of public infrastructure improvements that have been conveyed to other governmental entities. The debt issued to finance those improvements remains an obligation of the District until repaid from pledged revenues. Accordingly, the deficit net position is an expected result of the District's financing structure and does not reflect the District's ability to meet its debt service obligations.

Required Supplementary Information

St. Vrain Lakes Metropolitan District No. 2
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	\$ 659,282	\$ 656,626	\$ (2,656)
Specific ownership taxes	32,964	26,502	(6,462)
Interest income	5,000	403	(4,597)
TOTAL REVENUES	<u>697,246</u>	<u>683,531</u>	<u>(13,715)</u>
EXPENDITURES			
General government	697,246	683,521	13,725
TOTAL EXPENDITURES	<u>697,246</u>	<u>683,521</u>	<u>13,725</u>
EXCESS (DEFICIENCY) OF			
REVENUES OVER EXPENDITURES	-	10	10
Fund Balance, beginning of year	-	-	-
Fund Balance, end of year	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</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. 2
Budgetary Comparison Schedule – Debt Service Fund
Year Ended December 31, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 2,384,431	\$ 2,384,431	\$ 2,360,376	\$ (24,055)
Specific ownership taxes	119,222	119,222	96,597	(22,625)
Interest income	50,000	50,000	134,629	84,629
TOTAL REVENUES	<u>2,553,653</u>	<u>2,553,653</u>	<u>2,591,602</u>	<u>37,949</u>
EXPENDITURES				
General government	35,766	823,467	823,467	-
Debt service				
Principal	-	287,000	287,000	-
Interest and fiscal charges	2,408,000	3,129,997	3,129,997	-
Contingency	50,000	-	-	-
TOTAL EXPENDITURES	<u>2,493,766</u>	<u>4,240,464</u>	<u>4,240,464</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	59,887	(1,686,811)	(1,648,862)	37,949
Fund Balance, beginning of year	4,622,126	4,622,126	3,023,861	(1,598,265)
Fund Balance, end of year	<u>\$ 4,682,013</u>	<u>\$ 2,935,315</u>	<u>\$ 1,374,999</u>	<u>\$ (1,560,316)</u>

**Explanation of differences between budgetary revenues and expenditures and GAAP
revenues and expenditures:**

Revenues:

Actual total revenue budgetary basis	\$ 2,591,602
Differences - Budget to GAAP	
Reclassification to present TIF revenue gross of administrative fees rather than net of fees.	<u>22,337</u>

Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - debt service fund	<u>\$ 2,613,939</u>
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Expenditures

Actual total expenditures budgetary basis	\$ 4,240,464
Differences - Budget to GAAP	
Reclassification to present TIF revenue gross of administrative fees rather than net of fees.	<u>22,337</u>

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - debt service fund	<u>\$ 4,262,801</u>
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Other Information

St. Vrain Lakes Metropolitan District No. 2
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected
Year Ended December 31, 2025

Collection Year Ended December 31,	Prior Year Gross Assessed Valuation	Prior Year Net Assessed Valuation	Mills Levied		Total Mills Levied	Total Property Taxes		Percent Collected
	for Current Year	for Current Year	General	Debt Service		Levied	Collected ¹	to Levied
	Property Tax Levy	Property Tax Levy	Fund	Fund				
2017	\$ 1,367,540	\$ 1,367,448	15.000	50.000	65.000	\$ 88,884	\$ 88,889	100.0%
2018	2,851,720	2,794,304	16.584	55.277	71.861	200,801	204,928	102.1%
2019	3,966,070	3,583,683	16.584	55.277	71.861	257,526	257,289	99.9%
2020	11,107,300	8,504,257	16.699	55.664	72.363	615,393	618,277	100.5%
2021	15,669,410	9,026,871	16.699	55.664	72.363	653,210	618,277	94.7%
2022	21,470,380	10,955,982	16.699	55.664	72.363	792,807	1,559,641	196.7%
2023	25,387,360	11,048,388	16.283	62.057	78.340	865,530	1,981,251	228.9%
2024	32,407,150	12,297,001	17.899	64.499	82.398	1,013,247	1,029,732	101.6%
2025	37,092,130	13,858,092	17.637	64.284	81.921	1,135,268	1,141,678	100.6%

Estimated for calendar year
 ending December 31, 2026 \$ 43,948,550 \$ 11,983,313 17.628 63.143 80.771 \$ 967,904

¹ Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

St. Vrain Lakes Metropolitan District No. 2
Assessed Valuation of Classes of Property in the District
Year Ended December 31, 2025

Property Class	Total Assessed Valuation	Percent of Assessed Valuation
Residential	\$ 41,688,880	94.86%
Commercial	64,990	0.15%
Vacant	1,300,150	2.96%
Oil & Gas	323,030	0.74%
State Assessed	571,500	1.30%
Agricultural	-	0.00%
	<u>\$ 43,948,550</u>	<u>100.00%</u>

St. Vrain Lakes Metropolitan District No. 2
Ten Largest Owners of Taxable Property within the District
Year Ended December 31, 2025

Owner	2025 Assessed Valuation	% of Total Assessed Valuation ¹
1 Richmond American Homes of Colorado Inc.	\$ 456,330	1.23%
2 Barefoot LLC	437,840	1.18%
3 Artesia Lot Holdings LLC	424,190	1.14%
4 United Power Inc.	399,870	1.08%
5 Kerr-McGee Gathering LLC	191,360	0.52%
6 Black Hills Colorado Gas, Inc.	141,350	0.38%
7 Anadarko Wattenberg Oil Complex LLC	131,380	0.35%
8 New Day/Sunrise LLC	119,240	0.32%
9 Private Resident	76,250	0.21%
10 Private Resident	76,060	0.21%
Total	<u>\$ 2,453,870</u>	<u>6.62%</u>

¹ Source: Weld County Assessor's Office

St. Vrain Lakes Metropolitan District No. 2
Selected Debt Ratios of the District
Year Ended December 31, 2025

	2024A Senior Bonds Only	2024A Senior Bonds and 2024B Subordinate Bonds Combined
District Debt	\$ 40,790,000	\$ 58,268,000
2025 Assessed Valuation	\$ 43,948,550	\$ 43,948,550
Ratio of Direct Debt to 2025 Assessed Valuation	92.81%	132.58%
2025 Statutory "Actual" Value	\$ 675,341,925	\$ 675,341,925
Ratio of Direct Debt to 2025 Statutory "Actual" Value	6.04%	8.63%