PAINTED PRAIRIE METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

CONTENTS

	Page
Independent Auditor's Report	I
Basic Financial Statements	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Debt Service Fund	18
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	19

WIPFLI

Board of Directors
Painted Prairie Metropolitan District No. 2
Adams County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Painted Prairie 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Painted Prairie Metropolitan District No. 2 as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

Other Matters

Required Supplemental Information

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

Supplemental Information

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

Wipfli LLP

Wipfli LLP
Denver, Colorado

September 30, 2026

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

Painted Prairie Metropolitan District No. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2025

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Investments	$ 220,823	$ -	$ 220,823	$ -	$ 220,823
Investments - restricted	2,523	2,118,077	2,120,600	-	2,120,600
Receivable - County Treasurer	425	4,946	5,371	-	5,371
Property taxes receivable	116,192	1,396,388	1,512,580	-	1,512,580
Receivable PPPIA	-	44,556	44,556	-	44,556
Receivable from District No. 1	537	-	537	-	537
Total Assets	$ 340,500	$ 3,563,967	$ 3,904,467	-	3,904,467
LIABILITIES					
Payable to PPPIA	$ 2,120	$ -	$ 2,120	-	2,120
Payable to District No. 1	-	3,500	3,500	-	3,500
Regional mill levy payable	99,481	-	99,481	-	99,481
Accrued interest	-	-	-	66,587	66,587
Long-term liabilities:					
Due within one year	-	-	-	235,000	235,000
Due in more than one year	-	-	-	15,047,768	15,047,768
Total Liabilities	101,601	3,500	105,101	15,349,355	15,454,456
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	116,192	1,396,388	1,512,580	-	1,512,580
Total Deferred Inflows of Resources	116,192	1,396,388	1,512,580	-	1,512,580
FUND BALANCES/NET POSITION					
Fund Balances:					
Restricted:					
Emergencies	2,523	-	2,523	(2,523)	-
Debt service	-	2,164,079	2,164,079	(2,164,079)	-
Unassigned	120,184	-	120,184	(120,184)	-
Total Fund Balances	122,707	2,164,079	2,286,786	(2,286,786)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 340,500	$ 3,563,967	$ 3,904,467		
Net Position:					
Restricted for:					
Emergencies				2,523	2,523
Debt service				2,097,492	2,097,492
Unrestricted				(15,162,584)	(15,162,584)
Total Net Position				$ (13,062,569)	$ (13,062,569)

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

Painted Prairie Metropolitan District No. 2

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

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Audit	$ 6,996	$ -	$ 6,996	$ -	$ 6,996
Election expense	13,075	-	13,075	-	13,075
Insurance	3,670	-	3,670	-	3,670
Legal	44,041	-	44,041	-	44,041
Aurora Regional Mill Levy	29,129	-	29,129	-	29,129
Treasurer's fees	1,753	20,392	22,145	-	22,145
Bond principal	-	200,000	200,000	(200,000)	-
Bond interest expense	-	809,550	809,550	(4,919)	804,631
Transfer to PPPIA	5,556	340,389	345,945	-	345,945
Total Expenditures	104,220	1,370,331	1,474,551	(204,919)	1,269,632
GENERAL REVENUES					
Property taxes	116,818	1,359,080	1,475,898	-	1,475,898
Specific ownership taxes	5,824	67,761	73,585	-	73,585
Interest income	10,662	93,730	104,392	-	104,392
Total General Revenues	133,304	1,520,571	1,653,875	-	1,653,875
NET CHANGES IN FUND BALANCES	29,084	150,240	179,324	(179,324)	
CHANGE IN NET POSITION				384,243	384,243
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	93,623	2,013,839	2,107,462	(15,554,274)	(13,446,812)
END OF YEAR	$ 122,707	$ 2,164,079	$ 2,286,786	$ (15,349,355)	$ (13,062,569)

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

Painted Prairie Metropolitan District No. 2

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

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 117,054	$ 116,818	$ (236)
Specific ownership taxes	9,363	5,824	(3,539)
Interest income	-	10,662	10,662
Total Revenues	126,417	133,304	6,887
EXPENDITURES			
Audit	7,500	6,996	504
Election expense	3,000	13,075	(10,075)
Insurance	6,000	3,670	2,330
Legal	7,500	44,041	(36,541)
Aurora Regional Mill Levy	30,031	29,129	902
Miscellaneous expenses	1,000	-	1,000
Treasurer's fees	1,756	1,753	3
Transfer to PPPIA	5,556	5,556	-
Contingency	187,658	-	187,658
Emergency reserve	1,858	-	1,858
Total Expenditures	251,859	104,220	147,639
NET CHANGES IN FUND BALANCE	(125,442)	29,084	154,526
FUND BALANCE:			
BEGINNING OF YEAR	125,442	93,623	(31,819)
END OF YEAR	$ -	$ 122,707	$ 122,707

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Painted Prairie Metropolitan District No. 2 ("District"), located in the City of Aurora (the "City") in Adams County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on May 16, 2006, as a quasi-municipal corporation and political subdivision under the State of Colorado Special District Act. The District, along with the Painted Prairie Metropolitan Districts Nos. 1 and 3-9 operate pursuant to an Amended and Restated Consolidated Service Plan dated May 25, 2017 (the "Service Plan") approved by the City on July 24, 2017. Painted Prairie Metropolitan District Nos. 10-12 operate pursuant to a Consolidated Service Plan dated May 31, 2019. On December 12, 2019, Painted Prairie Metropolitan District Nos. 2-10 (the "Painted Prairie Districts") entered into the Painted Prairie Improvement Authority Amended and Restated Establishment Agreement ("Establishment Agreement") to establish the Painted Prairie Public Improvement Authority ("PPPIA"). The District was established to provide for the financing and construction of Public Improvements for the use and benefit of the residents and property owners within the service area. The District's primary revenues are interest and property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end. The total appropriations in the Debt Service Fund was amended.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include 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.

Investments

Investments for the government are reported at fair value.

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Original Issue Premium

The original issue premium from the Series 2018 Bonds is being amortized over the respective terms of the bonds using the interest method. Accumulated amortization of original issue premium amounted to $29,556 at December 31, 2025.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $2,523 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $2,164,079 is restricted for the payment of the debt service costs associated with the Series 2018 Bonds (see Note 3).

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Net Position

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

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

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

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

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

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures (Statement 102)*. Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

Note 2: Investments

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

Statement of Net Position:	
Investments	$ 220,823
Investments - restricted	2,120,600
Total	$ 2,341,423

Investments as of December 31, 2025, consist of the following:

COLOTRUST	$ 2,341,423
Total	$ 2,341,423

Deposits
At December 31, 2025, the District had no deposits.

Custodial Credit Risk
The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits.

Investments

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

Custodial and Concentration of Credit Risk
None of the District's investments are subject to custodial or concentration of credit risk.

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

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

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

COLOTRUST
The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. At December 31, 2025, the District had $2,341,423 invested in COLOTRUST.

Note 3: Long-Term Obligations

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

$15,755,000 Limited Tax General Obligation Bonds, Series 2018
On September 25, 2018, the District issued $15,755,000 Limited Tax General Obligation Bonds, Series 2018 ("Series 2018 Bonds") for the purpose of i) paying for a portion of the costs of designing, acquiring, constructing, and installing certain public improvements, ii) fully funding a Reserve Fund, iii) funding capitalized interest to come due on the Series 2018 Bonds through June 2021 and iv) paying the cost of issuance of the Series 2018 Bonds.

The Series 2018 Bonds bear interest at the rate of 5.25%, payable semiannually on each June 1 and December 1, commencing on December 1, 2018. The Series 2018 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2023 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2022, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

The Series 2018 Bonds are secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, and any other legally available monies.

Events of Default as defined in the Series 2018 Bonds Indentures are (a) The District fails to impose the Required Mill Levy as provided in the Indenture; or (b) The District fails to collect the Revenues or apply the Revenues as required by the Indenture for a period of 14 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the District by the Trustee, or to the District and the Trustee by the Owners of at least 25% in aggregate principal amount of the Bonds then outstanding (the "Required Holders"); or (c) If the District shall fail to observe or perform any covenant or agreement on its part under the Indenture other than those covenants and agreements listed under subsection (a) or (b) above, for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the District by the Trustee, or to the District and the Trustee by the Required Holders, provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series of Bonds as long as the District has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy; or (d) If the District shall institute proceedings to be adjudicated as bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the District or of any substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due. It is acknowledged in the Indenture that due to the limited nature of the Revenues, the failure to pay the principal of or interest on the Bonds when due shall not, in and of itself, constitute an Event of Default thereunder, if the District is otherwise in compliance with all provisions of the Indenture

Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2018 Bonds is not an available remedy for an Event of Default.

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

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025	Current Portion
General Obligation Bonds					
Series 2018	$ 15,420,000	$ -	$ 200,000	$ 15,220,000	$ 235,000
Premium on Series 2018 Bonds	66,812	-	4,044	62,768	-
Total	$ 15,486,812	$ -	$ 204,044	$ 15,282,768	$ 235,000

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2018 Bonds.

	Principal	Interest	Total
2026	$ 235,000	$ 799,050	$ 1,034,050
2027	245,000	786,713	1,031,713
2028	280,000	773,850	1,053,850
2029	295,000	759,150	1,054,150
2030	330,000	743,663	1,073,663
2031-2035	2,060,000	3,432,450	5,492,450
2036-2040	2,980,000	2,799,825	5,779,825
2041-2045	4,155,000	1,901,288	6,056,288
2046-2050	4,640,000	568,836	5,208,836
	$ 15,220,000	$ 12,564,825	$ 27,784,825

Debt Authorization

On May 2, 2006 a majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed $120,000,000 and on November 7, 2017 a majority of the qualified electors of the District authorized the issuance of additional indebtedness in the amount not to exceed $1,500,000,000. At December 31, 2025 the District had $1,484,245,000 remaining in authorized debt. Pursuant to the Service Plan, Painted Prairie Metropolitan District Nos. 2-9 are collectively permitted to issue bond indebtedness of up to $900,000,000. Painted Prairie Metropolitan District Nos. 10-12 are collectively permitted to issue bond indebtedness of up to $300,000,000. The District has not budgeted to issue any new debt during 2026.

Note 4: Other Agreements

Funding and Reimbursement Agreement

On December 12, 2019, the District entered into that certain Funding and Reimbursement Agreement with Painted Prairie Owner Phase I, LLC and Painted Prairie Owner, LLC pursuant to which Painted Prairie Owner, LLC agreed to advance up to $50,000 per year through December 31, 2025 for payment of the District's operation, administrative and maintenance expenses. The District's obligations under this agreement are subject to annual appropriation by the District and the agreement terminated at the earlier of repayment in full or 20 years from the execution date. Advances from Painted Prairie Owner, LLC accrue interest at the rate of 6.5% per annum.

Capital Pledge Agreement (District No. 2)

On December 1, 2019, PPPIA and the District and UMB Bank as Trustee ("Trustee") entered into the Capital Pledge Agreement whereby the District pledged any remaining revenues after repayment of its Series 2018 Bonds (and any refunding thereof) to the Authority for repayment of the Series 2019 Bonds of the PPPIA. The District was also required to impose a mill levy of 50.000 mills for payment of PPPIA's Series 2018 Bonds.

Painted Prairie Public Improvement Authority Establishment Agreement

The PPPIA was organized on August 22, 2019 pursuant to the Painted Prairie Improvement Authority Establishment Agreement ("Establishment Agreement") as amended and restated on December 12, 2019 among the Painted Prairie Districts. The Authority was established in accordance with the Establishment Agreement to (i) provide ongoing financing, planning, designing, constructing, installing, repairing, maintaining, relocating and redeveloping of Public Improvements and facilities, including, but not limited to certain street, traffic and safety controls, water, sanitation, stormwater, parks and recreation, as further set forth in the Service Plan; and (ii) incur financial obligation on behalf of the Painted Prairie Districts as may be identified and agreed upon by the Districts from time to time.

The Establishment Agreement also provides the Authority certain enumerated powers, which may be exercised by the Authority to the extent permitted by law and subject to the limitations of the Establishment Agreement. These powers are described in the Establishment Agreement. The Authority will be governed by a Board of Directors, in which all of the legislative power of the Authority is vested and which shall exercise and perform all the powers, rights and duties vested in and imposed on the Authority by the Establishment Agreement and applicable law.

Amended and Restated Intergovernmental Agreement Regarding Financing, Constructing and Installing Public Improvements

The District and District No. 1 entered into an Amended and Restated Intergovernmental Agreement Regarding Financing, Constructing and Installing Public Improvements effective as of May 17, 2019, whereby the District represented that all of Public Improvements have been or will be constructed, installed and completed in conformance with all duly approved designs, plans and specifications and the requirements, standards and specifications of the City or other governmental entity, as applicable; and the Public Improvements will be owned, operated and maintained by a governmental entity for public use. The District and District No. 1 acknowledged that the District has funded disbursement requests from the Project Fund to fund Costs of Public Improvements constructed and installed by District No. 1. The District has substantiated and accepted these Costs as being reasonable for the related Public Improvements. Subject to the terms of the Operations and Reimbursement IGA and this Agreement, District No. 1 shall continue to construct, install and complete the Public Improvements and the District will fund the Costs of such Public Improvements upon conditions outlined in the agreement. The term of this Agreement shall end on the date that: (a) the Costs have been paid in full to District No. 1 or (b) no monies remain in the Project Fund. Any Costs remaining unpaid under this Agreement as of the date of termination shall be considered discharged and satisfied in full.

Aurora IGA

The Painted Prairie District Nos. 1-9 have entered into an Intergovernmental Agreement dated July 24, 2017 with the City (the "Aurora IGA"). The Aurora IGA contains, among other things, many of the limitations provided in the Service Plan. The Aurora IGA also prevents the Painted Prairie District Nos. 1-9 from operating or maintaining any Public Improvements, other than park and recreation improvements, unless the provision of such operation and maintenance is pursuant to an intergovernmental agreement with the City.

The Aurora IGA provides that the District may not issue any debt until such time as (a) the City has approved the Painted Prairie Approved Development Plan; and (b) the Painted Prairie District Nos. 1-9 have approved the imposition of the Aurora Regional Improvement Mill Levy (as defined in the Districts' Service Plan). As of the date hereof, (a) the City has approved the Painted Prairie Approved Development Plan; and (b) the Painted Prairie District Nos. 1-9 have approved the imposition of the Aurora Regional Improvement Mill Levy.

Note 5: Tax, Spending and Debt Limitations

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

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

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

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

On May 3, 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 6: Risk Management

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

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 7: Related Parties

The majority of the Board of Directors are employees, owners or are otherwise associated with Painted Prairie Owner, LLC ("Developer") and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments has the following element:

1) Long-term liabilities such as bonds payable, and accrued interest on bonds are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the statement of activities; and,

2) governmental funds report developer advances, bond proceeds and bond premium as revenue; however, these are reported as changes to long-term liabilities on the government-wide financial statements.

SUPPLEMENTAL INFORMATION

Painted Prairie Metropolitan District No. 2

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

	Original Budget	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 1,361,821	$ 1,361,821	$ 1,359,080	$ (2,741)
Specific ownership taxes	81,709	81,709	67,761	(13,948)
Interest income	7,000	7,000	93,730	86,730
Total Revenues	1,450,530	1,450,530	1,520,571	70,041
EXPENDITURES				
Bond principal	200,000	200,000	200,000	-
Bond interest expense	809,550	809,550	809,550	-
Transfer to PPPIA	340,389	441,517	340,389	101,128
Trustee fees	3,500	3,500	-	3,500
Treasurer's fees	20,427	20,427	20,392	35
Total Expenditures	1,373,866	1,474,994	1,370,331	104,663
NET CHANGES IN FUND BALANCE	76,664	(24,464)	150,240	174,704
FUND BALANCE:				
BEGINNING OF YEAR	1,968,337	1,968,337	2,013,839	45,502
END OF YEAR	$ 2,045,001	$ 1,943,873	$ 2,164,079	$ 220,206

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

Painted Prairie Metropolitan District No. 2

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2025

Collection year	Assessed Value Net Assessed Value	Mills Levied General Fund	Contractual	Debt Service	Total Property Tax Levied	Collected	Percent Collected to Levied
2018	$ 2,390	50.000	0.000	0.000	$ 120	$ -	0.00%
2019	$ 7,130	10.000	1.105	55.277	$ 473	$ 473	100.00%
2020	$ 1,869,550	13.500	1.113	55.664	$ 131,386	$ 107,542	81.85%
2021	$ 4,918,320	3.500	1.113	55.664	$ 296,462	$ 313,503	105.75%
2022	$ 13,627,940	3.500	1.113	55.664	$ 821,452	$ 821,208	99.97%
2023	$ 16,357,400	3.500	1.112	55.620	$ 985,239	$ 987,251	100.20%
2024	$ 20,835,460	4.001	1.270	63.597	$ 1,434,896	$ 1,439,132	100.30%
2025	$ 21,359,280	4.150	1.317	63.604	$ 1,475,308	$ 1,475,898	100.04%
Estimated for year ending December 31, 2026	$ 21,997,640	4.013	1.269	63.479	$ 1,512,580		

NOTE
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.