

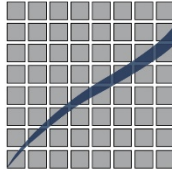
SENAC SOUTH METROPOLITAN DISTRICT NO. 1
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2025**

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BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Senac South Metropolitan District No. 1
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Senac South Metropolitan District No. 1 ("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, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 the 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 auditing standards

generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

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

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

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 supplementary information, as identified in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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, as identified in the table of contents. The other information 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 provide any 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.

BiggsKofford LLP

Colorado Springs, Colorado
April 9, 2026

BASIC FINANCIAL STATEMENTS

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 46,844,038
Cash and Investments - Restricted	1,245
Receivable from County Treasurer	2
Property Tax Receivable	468
Capital Assets:	
Capital Assets Not Being Depreciated	8,835,068
Total Assets	55,680,821
LIABILITIES	
Accounts Payable	4,276,401
Retainage Payable	441,379
Noncurrent Liabilities:	
Due in More Than One Year	56,040,764
Total Liabilities	60,758,544
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	468
Total Deferred Inflows of Resources	468
NET POSITION	
Restricted for:	
Emergency Reserve	9
Debt Service Reserve	1,238
Unrestricted	(5,079,438)
Total Net Position	\$ (5,078,191)

See accompanying Notes to Basic Financial Statements.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 317,444	\$ -	\$ -	\$ -	
Interest on Long-Term Debt and Related Costs	2,920,361	-	-	-	
Total Governmental Activities	\$ 3,237,805	\$ -	\$ -	\$ -	
 GENERAL REVENUES					
Property Taxes				477	
Property Taxes - SARIA				8	
Specific Ownership Taxes				25	
Investment Income				2,139,949	
Other Revenue				199	
Total General Revenues				2,140,658	
 CHANGES IN NET POSITION					
Net Position - Beginning of Year				(3,981,044)	
 NET POSITION - END OF YEAR					
				\$ (5,078,191)	

See accompanying Notes to Basic Financial Statements.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

ASSETS	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 16,949	\$ -	\$ 46,827,089	\$ 46,844,038
Cash and Investments - Restricted	9	1,236	-	1,245
Receivable from County Treasurer	-	2	-	2
Property Tax Receivable	95	373	-	468
Total Assets	\$ 17,053	\$ 1,611	\$ 46,827,089	\$ 46,845,753
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 13,539	\$ -	\$ 4,262,862	\$ 4,276,401
Retainage Payable	-	-	441,379	441,379
Total Liabilities	13,539	-	4,704,241	4,717,780
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	95	373	-	468
Total Deferred Inflows of Resources	95	373	-	468
FUND BALANCES				
Restricted for:				
Emergency Reserve	9	-	-	9
Debt Service Reserve	-	1,238	-	1,238
Assigned to:				
Capital Projects	-	-	42,122,848	42,122,848
Unassigned	3,410	-	-	3,410
Total Fund Balances	3,419	1,238	42,122,848	42,127,505
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,053	\$ 1,611	\$ 46,827,089	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,835,068
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(45,155,000)
Accrued Bond Interest	(10,668,640)
Developer Advance Payable	(200,000)
Accrued Developer Advance Interest	(17,124)
Net Position of Governmental Activities	\$ (5,078,191)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 87	\$ 390	\$ -	\$ 477
Property Taxes - SARIA	8	-	-	8
Specific Ownership Taxes	5	20	-	25
Investment Income	-	-	2,139,949	2,139,949
Other Revenue	199	-	-	199
Total Revenues	<u>299</u>	<u>410</u>	<u>2,139,949</u>	<u>2,140,658</u>
EXPENDITURES				
Current:				
Accounting	24,372	-	8,124	32,496
Auditing	5,170	-	-	5,170
Banking Fees	-	-	124,200	124,200
County Treasurer's Fee	1	6	-	7
SARIA	8	-	-	8
Dues and Membership	526	-	-	526
Election	7,711	-	-	7,711
Engineering	-	-	235,680	235,680
Insurance	5,542	-	-	5,542
Legal	24,143	-	5,367	29,510
Website	800	-	-	800
Capital Projects:				
Capital Outlay	-	-	8,835,068	8,835,068
Total Expenditures	<u>68,273</u>	<u>6</u>	<u>9,208,439</u>	<u>9,276,718</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(67,974)	404	(7,068,490)	(7,136,060)
OTHER FINANCING SOURCES				
Developer Advance	65,000	-	-	65,000
Total Other Financing Sources	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
NET CHANGE IN FUND BALANCES	(2,974)	404	(7,068,490)	(7,071,060)
Fund Balances - Beginning of Year	<u>6,393</u>	<u>834</u>	<u>49,191,338</u>	<u>49,198,565</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,419</u>	<u>\$ 1,238</u>	<u>\$ 42,122,848</u>	<u>\$ 42,127,505</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ (7,071,060)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay 8,835,068

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Developer Advance (65,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable - Bonds (2,784,552)

Accrued Interest Payable - Developer Advance (11,603)

Changes in Net Position of Governmental Activities \$ (1,097,147)

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 84	\$ 87	\$ 87	\$ -
Property Taxes - SARIA	8	8	8	-
Specific Ownership Taxes	5	5	5	-
Other Revenue	-	199	199	-
Total Revenues	<u>97</u>	<u>299</u>	<u>299</u>	<u>-</u>
EXPENDITURES				
Accounting	30,000	30,000	24,372	5,628
Auditing	5,200	5,200	5,170	30
Contingency	1,641	9,641	-	9,641
County Treasurer's Fee	1	1	1	-
SARIA	8	8	8	-
Dues and Membership	400	400	526	(126)
Election	1,000	1,000	7,711	(6,711)
Insurance	4,750	4,750	5,542	(792)
Legal	33,000	33,000	24,143	8,857
Website	1,000	1,000	800	200
Total Expenditures	<u>77,000</u>	<u>85,000</u>	<u>68,273</u>	<u>16,727</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(76,903)	(84,701)	(67,974)	16,727
OTHER FINANCING SOURCES (USES)				
Developer Advance	80,000	82,070	65,000	(17,070)
Transfers To Other Fund	(3,500)	(3,753)	-	3,753
Total Other Financing Sources (uses)	<u>76,500</u>	<u>78,317</u>	<u>65,000</u>	<u>(13,317)</u>
NET CHANGE IN FUND BALANCE	(403)	(6,384)	(2,974)	3,410
Fund Balance - Beginning of Year	<u>2,575</u>	<u>6,393</u>	<u>6,393</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,172</u>	<u>\$ 9</u>	<u>\$ 3,419</u>	<u>\$ 3,410</u>

See accompanying Notes to Basic Financial Statements.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Senac South Metropolitan District No. 1 (the District) a quasi-municipal corporation and political subdivision of the state of Colorado, was formed on December 8, 2005, concurrently with the organization of Senac South Metropolitan District No. 2 (District No. 2), Senac South Metropolitan District No. 3 (District No. 3), and Senac South Metropolitan District No. 4 (District No. 4 and together with the District, District No. 2 and District No. 3, the Districts). The Districts are governed by the Colorado Special District Act and other applicable statutes governing political subdivisions. The District's service area is located entirely within the City of Aurora (the City), in Arapahoe County, Colorado. The Districts were organized to work cooperatively to provide financing for the design, acquisition, installation, and construction of streets, traffic and safety controls, water, sanitary sewer, parks and recreation, public transportation, mosquito control and security services, and related operation and maintenance services within and without the boundaries of the District.

As a condition of the Service Plan Approval, the District agreed to enter into an Intergovernmental Agreement (IGA) with the City and the Districts. Under the provisions of the IGA, the Districts have responsibility, among other things, to construct certain public improvements set forth in the Service Plan and to impose a mill levy as defined in the Districts' Service Plan as the Aurora Regional Improvements Mill Levy (ARI Mill Levy). None of the Districts' debt service mill levy can exceed 50.000 mills, subject to adjustment as provided in the Service Plan and IGA, for any portion of the Districts' debt which exceeds 50.00% of the Districts' assessed valuation (Mill Levy Cap).

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

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

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

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District.

The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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

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

Budgets

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

The District has amended its annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

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

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

Adoption of New Accounting Standards

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

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and Investments	\$ 46,844,038
Cash and Investments - Restricted	1,245
Total Cash and Investments	\$ 46,845,283

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

Deposits with Financial Institutions	\$ 2,156,114
Investments	44,689,169
Total Cash and Investments	\$ 46,845,283

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102.00% of the aggregate uninsured deposits.

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

At December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of \$2,156,114.

Investments

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

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

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

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 44,689,169</u>

COLOTRUST

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

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

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

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 8,835,068	\$ -	\$ 8,835,068
Total Capital Assets, Not Being Depreciated	-	8,835,068	-	8,835,068
Governmental Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ 8,835,068</u>	<u>\$ -</u>	<u>\$ 8,835,068</u>

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Governmental Activities					
Bonds Payable:					
General Obligation Bonds Payable					
Series 2021A ₍₃₎	\$ 45,155,000	\$ -	\$ -	\$ 45,155,000	\$ -
Series 2021A ₍₃₎ - Accrued Interest	7,884,088	2,784,552	-	10,668,640	-
Total Bonds Payable	<u>53,039,088</u>	<u>2,784,552</u>	<u>-</u>	<u>55,823,640</u>	<u>-</u>
Other Debts:					
Developer Advance - JEN	135,000	65,000	-	200,000	-
Accrued Interest on:					
Developer Advance - JEN	5,521	11,603	-	17,124	-
Total Other Debts	<u>140,521</u>	<u>76,603</u>	<u>-</u>	<u>217,124</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 53,179,609</u>	<u>\$ 2,861,155</u>	<u>\$ -</u>	<u>\$ 56,040,764</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding during 2025 are as follows:

General Obligation Limited Tax Bonds, Series 2021₍₃₎ (the Bonds)

The District issued the Bonds on November 10, 2021, in the par amount of \$45,155,000. Proceeds from the sale of the Bonds were used for the purposes of (i) paying a portion of the costs of capital infrastructure improvements or reimbursing the landowner for the advancement of those costs, to the extent of available proceeds; and (ii) paying costs of issuance of the Bonds.

The Bonds bear interest at 5.25% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051, and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. Unpaid interest on the Bonds compounds annually on December 1. In the event that any amounts due and owing on the Bonds remain outstanding on December 2, 2061, such amounts shall be extinguished and no longer due and outstanding.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Bonds, Series 2021⁽³⁾ (Continued)

Optional Redemption (Continued)

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2026, to November 30, 2027	3.00%
December 1, 2027, to November 30, 2028	2.00
December 1, 2028, to November 30, 2029	1.00
December 1, 2029, and thereafter	0.00

Events of Default

The Bonds contain a provision regarding certain events of default. Upon the occurrence of an Event of Default, the Trustee shall be entitled to receivership, suit for judgment, mandamus or other suit. Events of default occur if the District fails or refused to impose the Required Mill Levy or to apply the Pledged revenue as required, defaults in performance or observance of any of the covenants, agreements or conditions of the Indenture or Bond Resolution, or if the District files a petition for bankruptcy.

Pledged Revenues

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the Required Mill Levy; (b) the Capital Fees; (c) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

The District is required to impose a Required Mill Levy upon all taxable property of the District each year in the amount of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation on or after January 1, 2004) less the number of mills needed to pay any unlimited mill levy debt, or such lesser mill levy which is sufficient to pay all of the principal of and interest on the Bonds in full. The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District for services, programs, or facilities furnished by the District, whether now in effect or imposed in the future, including particularly and without limitation, the Development Fees.

Restricted Account

Proceeds of the Bonds in the amount of \$2,300,000 were deposited to the Restricted Account of the Project Fund upon closing. Upon the receipt by the District or the Landowner of a No Further Action Letter from the State or such other governmental authorities having jurisdiction over such matters, the Trustee transferred all amounts from within the Restricted Account to the Unrestricted Account. The balance in the Restricted Account as of December 31, 2025, is \$-0-.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Bonds, Series 2021⁽³⁾ (Continued)

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Debt Authorization

The District authorized the incurrence of debt at an election held on November 1, 2005, and an election held on November 2, 2021. Per the Service Plan, the Districts have the authority to issue debt for regional improvements not to exceed \$40,000,000. The Districts shall not issue debt in excess of \$55,000,000.

NOTE 6 RELATED PARTY

All of the members of the Board of Directors of the District are employees, owners or are otherwise associated with JEN (the Developer), and may have conflicts of interest in dealing with the District. In 2025, the District engaged JR Engineering for contractor services. Three members of the Board of Directors are employees of JR Engineering. Management believes that all potential conflicts, if any, have been disclosed to the Board. Also, the Developer has various agreements with the District.

NOTE 7 ECONOMIC DEPENDENCY

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

NOTE 8 AGREEMENTS

Aurora Regional Improvement South Establishment Agreement

The South Aurora Regional Improvement Authority Establishment Agreement (ARI Agreement) effective July 10, 2017, and as amended on October 2, 2018, between the City and several Special Districts was established to assist in the collective funding of specific regional improvements. The District is not obligated under the ARI Agreement to issue debt for the purposes of financing regional improvements but is required to impose an ARI mill levy and pay the tax revenue derived therefrom to the ARI South Authority. The obligation to impose an ARI mill levy occurs upon the imposition of a District debt service mill levy. On January 10, 2022, the District became an additional party to the ARI Agreement.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 AGREEMENTS (CONTINUED)

Capital Facilities Fee

The District imposes a Capital Facilities Fee in the amount of \$2,750 for each residential unit within the District. The Capital Facilities Fee is payable at the time a building permit is issued by the County for a residential unit. The Capital Facilities' Fee revenue is pledged to the payment of the Bonds. For the fiscal year ended December 31, 2025, the District did not have any Capital Facilities Fees.

Funding and Reimbursement Agreement

Effective August 31, 2023, and amended and extended January 1, 2025, the District and JEN COLORADO 19 LLC (JEN) entered into a Funding and Reimbursement Agreement. The District has incurred and will incur costs in furtherance of the District's permitted purposes, JEN is willing to advance funds to the District, from time to time, on the condition that the District agrees to repay such advances. The District anticipates repaying moneys advanced by JEN hereunder, including as evidenced by any request Reimbursement Obligations (execute one or more reimbursement notes, bonds, or other instruments) and with funds available from ad valorem taxes, fees, or other legally available revenues of the District determined to be available, therefore.

The original agreement provides for \$50,000 per year for up to two years, through December 31, 2024. The amendment amended this to \$50,000 per year for years 2023 and 2024, and then \$100,000 per year for 2025 and 2026. Thereafter, the Loan Obligation Termination Date will automatically extend for additional one (1) year terms unless JEN provides written notice to the District of termination at least thirty (30) days prior to December 31 of each year. Upon each automatic one (1) year extension of the Loan Obligation Termination Date, JEN agrees to advance the District one or more sums of money up to the Annual Loan Cap, and the Maximum Loan Amount shall be automatically increased upon each one (1) year extension by the Annual Loan Cap.

Any advance made under the agreement prior to the issuance of any Reimbursement Obligation shall be the Municipal Market Data (MMD) "AAA" General Obligation Yield Curve, 30-Year constant maturity +325bps from the date any such advance is made, simple interest, to the earlier date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment in full of all interest then due and payable and the principal balance of amounts advanced to the District. Upon issuance of a Reimbursement Obligation, unless otherwise consented to by JEN, any interest then accrued on any previously advanced amount shall be added to the amount of the loan advance and reflected as principal of the Reimbursement Obligation.

A Reimbursement Obligation shall incur interest at the Municipal Market Data (MMD) "AAA" General Obligation Yield Curve, 30-Year constant maturity +325bps. The term for repayment for any Reimbursement Obligation shall not extend beyond 20 years from the date of the agreement.

As of December 31, 2025, the District had \$200,000 in principal and \$17,124 in interest outstanding from advances related to Reimbursement Obligations.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 AGREEMENTS (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreement

Effective November 28, 2023, the District and JEN entered into an Infrastructure Acquisition and Reimbursement Agreement. This agreement establishes the terms and conditions for the reimbursement of Certified District Eligible Costs by the District. The obligation of the District to reimburse JEN following adoption of an acceptance resolution shall be subject to availability of funds first from bond proceeds, second from such funds as the District determines, and third through the issuance of one or more Reimbursement Obligations.

Certified District Eligible Costs recognized prior to the issuance of a Reimbursement Obligation shall accrue interest from the date of adoption of an Acceptance Resolution to the earlier of the date a Reimbursement Obligation is issued to evidence Certified District Eligible Costs, or the date of repayment in full of the applicable Certified District Eligible Costs. Interest shall accrue on unpaid Certified District Eligible Costs at simple interest with no compounding at the Municipal Market Data (MMD) "AAA" interest rate.

The District agrees to issue one more Reimbursement Obligations to evidence any repayment obligation of the District then existing with respect to Certified District Eligible Costs, and interest accrued, under the agreement. Such Reimbursement Obligations shall mature on a date (or dates) subject to the limitations of the agreement and bear interest at a market rate, to be determined at the time of issuance of such Reimbursement Obligations.

The District's obligation to reimburse JEN for any and all Certified District Eligible Costs not converted to Reimbursement Obligations shall terminate automatically upon the occurrence of (i) JEN's voluntary dissolution; (ii) administrative dissolution that is not remedied or cured within 60 days; or (iii) the initiation of bankruptcy, receivership, or similar process or actions with regard to JEN. Furthermore, the District's obligations under the agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or at the expiration of the Maximum Repayment Term.

As of December 31, 2025, the District did not have any outstanding Certified District Eligible Costs or Reimbursement Obligations.

JR Engineering - Independent Contractor Agreement

On June 12, 2024, the District has entered into an Independent Contractor Agreement with JR Engineering, a Colorado limited liability company, to provide construction engineering, construction staking, and related professional services for District infrastructure projects. The agreement was effective through December 31, 2024, with automatic one-year renewals unless terminated by either party or unless funds are not appropriated for a subsequent year. The District's obligations under the agreement are subject to annual appropriation and budgetary limitations. Compensation for services is based on an agreed-upon scope of services and compensation schedule and is billed monthly for actual time and direct costs incurred. The agreement does not create a multiple-fiscal-year financial obligation or debt of the District within the meaning of the Colorado Constitution. The contractor is considered an independent contractor and is responsible for its own personnel, insurance, and tax obligations.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 AGREEMENTS (CONTINUED)

JR Engineering - Independent Contractor Agreement (Continued)

On April 29, 2025, the District and the contractor executed the First Amendment to Independent Contractor Agreement, which amended the scope of services and compensation schedule to remove cost certification services. Except as modified by the amendment, all other terms and conditions of the original agreement remain in full force and effect.

During the year ended December 31, 2025, the District paid \$140,546 in engineering costs to JE Engineering LLC, pursuant to this agreement.

Infrastructure Acquisition Agreement

On April 29, 2025, the District entered into an Infrastructure Acquisition Agreement with Senac South Metropolitan District No. 2 (District No. 2). Under the agreement, District No. 1 is responsible for financing, constructing, and installing certain public infrastructure (Public Improvements) within the Senac South development in Aurora, Colorado. Certain Public Improvements are expected to be conveyed to the City or another governmental entity.

The Public Improvements which will not be conveyed to the City are required to be conveyed by District No. 1 to District No. 2 upon substantial completion. Upon conveyance, District No. 2 assumes full responsibility for the operation, maintenance, repair, and replacement of the acquired improvements. District No. 1 has no further obligation for ongoing operating or maintenance costs but will cooperate with District No. 2 in connection with contractor warranty matters associated with the improvements. However, the conveyance is contingent upon District No. 1 providing District No. 2 with specified acquisition documentation. Once District No. 2 receives acceptable documentation and adopts a formal resolution of acquisition, District No. 1 conveys ownership of the completed improvements to District No. 2.

The agreement includes provisions for requirements, default and remedy procedures, severability, amendment limitations, governing law, and other intergovernmental contract terms. The parties expressly acknowledge that the agreement does not constitute a public works contract under Colorado statutes and that District No. 2 does not direct the design or construction of Public Improvements constructed or caused to be constructed by District No. 1.

Metropolitan District Improvements Agreement

On June 13, 2025, the District entered into a Metropolitan District Improvements Agreement (the Agreement) with Richmond American Homes of Colorado, Inc., Century Land Holdings, LLC, Pulte Home Company, LLC, and Toll Southwest, LLC (collectively, the Homebuilders). The Agreement governs the construction, completion, and funding of certain public infrastructure improvements within the District's boundaries.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 AGREEMENTS (CONTINUED)

Metropolitan District Improvements Agreement (Continued)

The Agreement provides for the construction and installation of public infrastructure improvements necessary to serve residential development within the District, including streets, storm drainage, water and sewer facilities, landscaping, parks, trails, and related improvements (the Infrastructure Improvements). The Infrastructure Improvements are to be constructed in accordance with approved plans and specifications for the Trails at Overland Ranch Subdivision Filing No. 1.

The Infrastructure Improvements are expected to be funded primarily from proceeds of the District's General Obligation Limited Tax Bonds, Series 2021A(3), which are held in the project fund established under the related Indenture of Trust. Project fund monies are required to be used on a first-priority basis for payment of eligible costs associated with the Infrastructure Improvements, including related soft costs, until substantial completion has been achieved.

Under the Agreement, the District is responsible for entering into one or more construction contracts and for overseeing the construction of the Infrastructure Improvements. Substantial completion is defined as the point at which the improvements are sufficiently complete to allow the Homebuilders to obtain building permits and certificates of occupancy and to use the improvements for their intended purposes. The Agreement establishes a targeted completion date and phase-specific completion milestones.

If the District does not achieve substantial completion of the Infrastructure Improvements or fails to complete a phase by the applicable completion date, the Agreement grants the Homebuilders sequential step-in rights. These rights allow a Homebuilder, at its option, to assume the District's rights and obligations under the applicable construction contracts, or to enter into separate contracts to complete the remaining improvements. The step-in rights apply in a defined order among the Homebuilders and are subject to notice and cure periods.

If a Homebuilder exercises its step-in rights, eligible costs incurred in completing the Infrastructure Improvements may be reimbursed from the project fund in accordance with the terms of the Agreement and related infrastructure acquisition and reimbursement agreements, subject to availability of funds and compliance with the Indenture of Trust.

The Agreement does not constitute a general obligation or multiple-fiscal-year financial commitment beyond amounts available in the project fund and does not pledge additional District revenues beyond those already pledged under existing bond documents. The District retains ownership of the public infrastructure improvements upon completion.

Infrastructure Acquisition and Reimbursement Agreements

In connection with the Metropolitan District Improvements Agreement, the District entered into separate Infrastructure Acquisition and Reimbursement Agreements dated June 13, 2025, with Richmond American Homes of Colorado, Inc., Century Land Holdings, LLC, Pulte Home Company, LLC, and Toll Southwest, LLC (collectively, the Homebuilders).

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 AGREEMENTS (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreements (IARA) (Continued)

The Infrastructure Acquisition and Reimbursement Agreements establish the terms and conditions under which the District may acquire completed public infrastructure improvements constructed by a Homebuilder and reimburse the Homebuilder for District-eligible costs incurred if the Homebuilder exercises its step-in rights under the Improvements Agreement. The District does not direct or control the design or construction of infrastructure under these agreements.

Reimbursement of District-eligible costs is not automatic and is subject to:

- Submission of a formal application by the Homebuilder,
- Review and certification of costs by the District's engineer and accountant,
- Adoption of a District acceptance resolution,
- Availability of legally available funds, and
- Compliance with the District's Service Plan and applicable bond documents.

Reimbursement, if approved, may be paid from available bond proceeds, other available District funds, or through the issuance of one or more reimbursement obligations, payable solely from legally available revenues and subject to voter authorization and statutory limitations.

Certified District-eligible costs that are approved but unpaid may accrue simple interest at a market-based rate until reimbursed or converted into a reimbursement obligation. Any obligation of the District to reimburse costs that are not evidenced by a reimbursement obligation is subject to annual appropriation and terminates upon the earlier of repayment or expiration of the maximum reimbursement term, at which time any remaining unpaid amounts are forgiven and deemed a contribution to the District.

The Infrastructure Acquisition and Reimbursement Agreements do not constitute general obligations or multiple-fiscal-year financial obligations of the District. As of the financial statement date, no reimbursement obligations had been issued, and no liability has been recorded in connection with these agreements.

No Homebuilder exercised step-in rights during the year ended December 31, 2025.

Construction of infrastructure improvements was ongoing as of year-end; however, no District-eligible costs had been submitted or accepted for reimbursement.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Construction Contracts

As of December 31, 2025, the District had construction contract commitments related to the Infrastructure Acquisition Agreement of \$13,074,458.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 NET POSITION

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

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

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	\$ 9
Debt Service Reserve	1,238
Total Restricted Net Position	\$ 1,247

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District has a deficit in unrestricted net position as of December 31, 2025. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements.

NOTE 11 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% 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.

At the Election on November 2, 2021, 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 TABOR and also authorized the District to increase property taxes by up to \$10,000,000 annually.

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

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

On November 4, 2025, the qualified electors of the District approved an election question to waive the 5.25% property tax limit established under Section 29-1-1702, C.R.S. for 2026 and all future budget years.

SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 377	\$ 390	\$ 390	\$ -
Specific Ownership Taxes	23	23	20	(3)
Total Revenues	<u>400</u>	<u>413</u>	<u>410</u>	<u>(3)</u>
EXPENDITURES				
County Treasurer's Fee	6	6	6	-
Paying Agent Fees	4,000	4,000	-	4,000
Contingency	-	994	-	994
Total Expenditures	<u>4,006</u>	<u>5,000</u>	<u>6</u>	<u>4,994</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,606)	(4,587)	404	4,991
OTHER FINANCING SOURCES				
Transfers from Other Funds	3,500	3,753	-	(3,753)
Total Other Financing Sources	<u>3,500</u>	<u>3,753</u>	<u>-</u>	<u>(3,753)</u>
NET CHANGE IN FUND BALANCE	(106)	(834)	404	1,238
Fund Balance - Beginning of Year	<u>333</u>	<u>834</u>	<u>834</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 227</u>	<u>\$ -</u>	<u>\$ 1,238</u>	<u>\$ 1,238</u>

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Income	\$ 1,500,000	\$ 2,139,949	\$ 639,949
Total Revenues	<u>1,500,000</u>	<u>2,139,949</u>	<u>639,949</u>
EXPENDITURES			
Accounting	-	8,124	(8,124)
Legal	-	5,367	(5,367)
Banking Fees	-	124,200	(124,200)
Engineering	2,000,000	235,680	1,764,320
Capital Outlay	25,000,000	8,835,068	16,164,932
Total Expenditures	<u>27,000,000</u>	<u>9,208,439</u>	<u>17,791,561</u>
NET CHANGE IN FUND BALANCE	(25,500,000)	(7,068,490)	18,431,510
Fund Balance - Beginning of Year	<u>49,166,596</u>	<u>49,191,338</u>	<u>24,742</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 23,666,596</u></u>	<u><u>\$ 42,122,848</u></u>	<u><u>\$ 18,456,252</u></u>

OTHER INFORMATION

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025
UNAUDITED

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Taxes		Percent Collected to Levied
		General	Debt		Levied	Collected	
			Service	ARI			
2021	\$ 145	-	-	-	\$ -	\$ -	- %
2022	145	11.133	55.664	1.113	10	9	90.00
2023	6,671	12.205	61.027	1.220	496	497	100.14
2024	6,876	12.214	54.864	1.097	469	469	100.00
2025	6,876	12.214	54.864	1.097	469	485	103.41
Estimated for the Year Ending December 31, 2026	\$ 6,947	12.655	53.704	1.074	\$ 468		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.