

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2025**

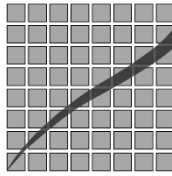
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# BiggsKofford

## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**Sagebrush Farm Metropolitan District No. 1**  
Adams County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sagebrush Farm 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  
July 15, 2026

## **BASIC FINANCIAL STATEMENTS**

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2025**

|                                      | <u>Governmental<br/>Activities</u> |
|--------------------------------------|------------------------------------|
| <b>ASSETS</b>                        |                                    |
| Cash and Investments                 | \$ 104,714                         |
| Cash and Investments - Restricted    | 15,788,079                         |
| Prepaid Insurance                    | 5,048                              |
| Receivable from County Treasurer     | 2,839                              |
| Property Tax Receivable              | 1,832,605                          |
| Capital Assets:                      |                                    |
| Capital Assets Not Being Depreciated | <u>30,819,830</u>                  |
| Total Assets                         | <u>48,553,115</u>                  |
| <b>LIABILITIES</b>                   |                                    |
| Accounts Payable                     | 35,685                             |
| Due to ARI                           | 3,388                              |
| Accrued Bond Interest                | 239,259                            |
| Noncurrent Liabilities:              |                                    |
| Due in More Than One Year            | <u>57,913,647</u>                  |
| Total Liabilities                    | <u>58,191,979</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                                    |
| Property Tax Revenue                 | <u>1,832,605</u>                   |
| Total Deferred Inflows of Resources  | <u>1,832,605</u>                   |
| <b>NET POSITION</b>                  |                                    |
| Restricted for:                      |                                    |
| Emergency Reserve                    | 5,800                              |
| Debt Service                         | 1,277,454                          |
| Unrestricted                         | <u>(12,754,723)</u>                |
| Total Net Position                   | <u><u>\$ (11,471,469)</u></u>      |

See accompanying Notes to Basic Financial Statements.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2025**

| FUNCTIONS/PROGRAMS                              | Program Revenues    |                            |                                          | Net Revenues<br>(Expenses) and<br>Changes in<br>Net Position |
|-------------------------------------------------|---------------------|----------------------------|------------------------------------------|--------------------------------------------------------------|
|                                                 | Expenses            | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions                       |
| Primary Government:                             |                     |                            |                                          |                                                              |
| Governmental Activities:                        |                     |                            |                                          |                                                              |
| General Government                              | \$ 3,140,930        | \$ -                       | \$ -                                     | \$ (3,140,930)                                               |
| Interest on Long-Term Debt<br>and Related Costs | 4,084,500           | -                          | -                                        | (4,084,500)                                                  |
| Total Governmental Activities                   | <u>\$ 7,225,430</u> | <u>\$ -</u>                | <u>\$ -</u>                              | <u>(7,225,430)</u>                                           |
| <b>GENERAL REVENUES</b>                         |                     |                            |                                          |                                                              |
| Property Taxes                                  |                     |                            |                                          | 776,455                                                      |
| Specific Ownership Taxes                        |                     |                            |                                          | 35,803                                                       |
| Interest Income                                 |                     |                            |                                          | 1,034,255                                                    |
| Aerotropolis RTA                                |                     |                            |                                          | 3,428                                                        |
| Other Revenue                                   |                     |                            |                                          | 11,885                                                       |
| Total General Revenues                          |                     |                            |                                          | <u>1,861,826</u>                                             |
| <b>CHANGES IN NET POSITION</b>                  |                     |                            |                                          | (5,363,604)                                                  |
| Net Position - Beginning of Year                |                     |                            |                                          | <u>(6,107,865)</u>                                           |
| <b>NET POSITION - END OF YEAR</b>               |                     |                            |                                          | <u>\$ (11,471,469)</u>                                       |

See accompanying Notes to Basic Financial Statements.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2025**

|                                                                          | General           | Debt<br>Service     | Capital<br>Projects  | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------------------|-------------------|---------------------|----------------------|--------------------------------|
| <b>ASSETS</b>                                                            |                   |                     |                      |                                |
| Cash and Investments                                                     | \$ 104,714        | \$ -                | \$ -                 | \$ 104,714                     |
| Cash and Investments - Restricted                                        | 5,800             | 5,414,504           | 10,367,775           | 15,788,079                     |
| Receivable from County Treasurer                                         | 630               | 2,209               | -                    | 2,839                          |
| Due from Other Funds                                                     | 1,895             | -                   | -                    | 1,895                          |
| Prepaid Insurance                                                        | 5,048             | -                   | -                    | 5,048                          |
| Property Tax Receivable                                                  | 418,058           | 1,414,547           | -                    | 1,832,605                      |
| Total Assets                                                             | <u>\$ 536,145</u> | <u>\$ 6,831,260</u> | <u>\$ 10,367,775</u> | <u>\$ 17,735,180</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                   |                     |                      |                                |
| <b>LIABILITIES</b>                                                       |                   |                     |                      |                                |
| Accounts Payable                                                         | \$ 25,417         | \$ -                | \$ 10,268            | \$ 35,685                      |
| Due to ARI                                                               | 3,388             | -                   | -                    | 3,388                          |
| Due to Other Funds                                                       | -                 | -                   | 1,895                | 1,895                          |
| Total Liabilities                                                        | <u>28,805</u>     | <u>-</u>            | <u>12,163</u>        | <u>40,968</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                   |                     |                      |                                |
| Deferred Property Tax                                                    | 418,058           | 1,414,547           | -                    | 1,832,605                      |
| Total Deferred Inflows of Resources                                      | <u>418,058</u>    | <u>1,414,547</u>    | <u>-</u>             | <u>1,832,605</u>               |
| <b>FUND BALANCES</b>                                                     |                   |                     |                      |                                |
| Nonspendable:                                                            |                   |                     |                      |                                |
| Prepaid Expense                                                          | 5,048             | -                   | -                    | 5,048                          |
| Restricted for:                                                          |                   |                     |                      |                                |
| Emergency Reserve                                                        | 5,800             | -                   | -                    | 5,800                          |
| Debt Service                                                             | -                 | 5,416,713           | -                    | 5,416,713                      |
| Capital Projects                                                         | -                 | -                   | 10,355,612           | 10,355,612                     |
| Unassigned                                                               | 78,434            | -                   | -                    | 78,434                         |
| Total Fund Balances                                                      | <u>89,282</u>     | <u>5,416,713</u>    | <u>10,355,612</u>    | <u>15,861,607</u>              |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances   | <u>\$ 536,145</u> | <u>\$ 6,831,260</u> | <u>\$ 10,367,775</u> |                                |

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. 30,819,830

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

|                           |                  |
|---------------------------|------------------|
| Accrued Interest          | (1,560,957)      |
| Bonds Payable             | (57,140,000)     |
| Unamortized Bond Discount | 944,325          |
| Developer Advance Payable | <u>(396,274)</u> |

|                                         |                        |
|-----------------------------------------|------------------------|
| Net Position of Governmental Activities | <u>\$ (11,471,469)</u> |
|-----------------------------------------|------------------------|

See accompanying Notes to Basic Financial Statements.

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

|                                           | General          | Debt<br>Service     | Capital<br>Projects  | Total<br>Governmental<br>Funds |
|-------------------------------------------|------------------|---------------------|----------------------|--------------------------------|
| <b>REVENUES</b>                           |                  |                     |                      |                                |
| Property Taxes                            | \$ 172,540       | \$ 603,915          | \$ -                 | \$ 776,455                     |
| Specific Ownership Taxes                  | 7,956            | 27,847              | -                    | 35,803                         |
| Aerotropolis RTA                          | 3,428            | -                   | -                    | 3,428                          |
| Interest Income                           | 1,108            | 263,341             | 769,806              | 1,034,255                      |
| Other Revenue                             | 6,461            | -                   | 5,424                | 11,885                         |
| Total Revenues                            | 191,493          | 895,103             | 775,230              | 1,861,826                      |
| <b>EXPENDITURES</b>                       |                  |                     |                      |                                |
| Current:                                  |                  |                     |                      |                                |
| Accounting                                | 55,013           | -                   | 8,958                | 63,971                         |
| Auditing                                  | 6,020            | -                   | -                    | 6,020                          |
| County Treasurer's Fee                    | 2,588            | 9,058               | -                    | 11,646                         |
| County Treasurer's Fee - Aerotropolis RTA | 51               | -                   | -                    | 51                             |
| Dues and Membership                       | 854              | -                   | -                    | 854                            |
| Election                                  | 10,255           | -                   | -                    | 10,255                         |
| Engineering                               | -                | -                   | 45,588               | 45,588                         |
| Insurance                                 | 5,228            | -                   | -                    | 5,228                          |
| Intergovernmental Expenditures            | 3,377            | -                   | -                    | 3,377                          |
| Legal                                     | 35,166           | -                   | 6,977                | 42,143                         |
| Snow Removal                              | 2,855            | -                   | -                    | 2,855                          |
| Website                                   | 3,588            | -                   | -                    | 3,588                          |
| Debt Service:                             |                  |                     |                      |                                |
| Bond Interest                             | -                | 2,871,113           | -                    | 2,871,113                      |
| Paying Agent Fees                         | -                | 4,000               | -                    | 4,000                          |
| Capital Projects:                         |                  |                     |                      |                                |
| Capital Outlay                            | -                | -                   | 14,372,684           | 14,372,684                     |
| IGA - Velocity                            | -                | -                   | 3,000,000            | 3,000,000                      |
| Total Expenditures                        | 124,995          | 2,884,171           | 17,434,207           | 20,443,373                     |
| <b>EXCESS OF REVENUES OVER (UNDER)</b>    |                  |                     |                      |                                |
| <b>EXPENDITURES</b>                       | 66,498           | (1,989,068)         | (16,658,977)         | (18,581,547)                   |
| <b>OTHER FINANCING SOURCES (USES)</b>     |                  |                     |                      |                                |
| Developer Advance                         | 24,000           | -                   | 14,372,467           | 14,396,467                     |
| Repay Developer Advance                   | -                | -                   | (14,372,467)         | (14,372,467)                   |
| Developer Advance - Interest Expense      | -                | -                   | (9,272)              | (9,272)                        |
| Transfers In (Out)                        | -                | (6,000)             | 6,000                | -                              |
| Total Other Financing Sources (Uses)      | 24,000           | (6,000)             | (3,272)              | 14,728                         |
| <b>NET CHANGE IN FUND BALANCES</b>        | 90,498           | (1,995,068)         | (16,662,249)         | (18,566,819)                   |
| Fund Balances - Beginning of Year         | (1,216)          | 7,411,781           | 27,017,861           | 34,428,426                     |
| <b>FUND BALANCES - END OF YEAR</b>        | <u>\$ 89,282</u> | <u>\$ 5,416,713</u> | <u>\$ 10,355,612</u> | <u>\$ 15,861,607</u>           |

See accompanying Notes to Basic Financial Statements.

**SAGEBRUSH FARM 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 | \$ (18,566,819) |
|--------------------------------------------------------|-----------------|

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 | 14,418,272 |
|----------------|------------|

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       | (14,396,467) |
| Repay Developer Advance | 14,372,467   |

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

|                                                                  |             |
|------------------------------------------------------------------|-------------|
| Accrued Interest Payable - Change in Liability                   | (1,116,422) |
| Accrued Interest Payable Developer Advance - Change in Liability | (26,929)    |
| Amortization of Bond Discount                                    | (47,706)    |

|                                                    |                       |
|----------------------------------------------------|-----------------------|
| Changes in Net Position of Governmental Activities | <u>\$ (5,363,604)</u> |
|----------------------------------------------------|-----------------------|

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

|                                                         | Original<br>and Final<br>Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------|---------------------------------|-------------------|---------------------------------------------------------|
| <b>REVENUES</b>                                         |                                 |                   |                                                         |
| Property Taxes                                          | \$ 172,540                      | \$ 172,540        | \$ -                                                    |
| Specific Ownership Taxes                                | 12,078                          | 7,956             | (4,122)                                                 |
| Aerotropolis RTA                                        | 3,429                           | 3,428             | (1)                                                     |
| Interest Income                                         | -                               | 1,108             | 1,108                                                   |
| Other Revenue                                           | -                               | 6,461             | 6,461                                                   |
| Total Revenues                                          | 188,047                         | 191,493           | 3,446                                                   |
| <b>EXPENDITURES</b>                                     |                                 |                   |                                                         |
| Accounting                                              | 63,000                          | 55,013            | 7,987                                                   |
| Auditing                                                | 6,000                           | 6,020             | (20)                                                    |
| Contingency                                             | 12,983                          | -                 | 12,983                                                  |
| County Treasurer's Fee                                  | 2,588                           | 2,588             | -                                                       |
| County Treasurer's Fee - Aerotropolis RTA               | 51                              | 51                | -                                                       |
| Dues and Membership                                     | 1,000                           | 854               | 146                                                     |
| Election                                                | 5,000                           | 10,255            | (5,255)                                                 |
| Electricity                                             | 5,000                           | -                 | 5,000                                                   |
| Insurance                                               | 6,000                           | 5,228             | 772                                                     |
| Intergovernmental Expenditures                          | 3,378                           | 3,377             | 1                                                       |
| Legal                                                   | 70,000                          | 35,166            | 34,834                                                  |
| Miscellaneous                                           | 10,000                          | -                 | 10,000                                                  |
| Repairs and maintenance                                 | 5,000                           | -                 | 5,000                                                   |
| Security                                                | 20,000                          | -                 | 20,000                                                  |
| Snow Removal                                            | 50,000                          | 2,855             | 47,145                                                  |
| Website                                                 | 5,000                           | 3,588             | 1,412                                                   |
| Total Expenditures                                      | 265,000                         | 124,995           | 140,005                                                 |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (76,953)                        | 66,498            | 143,451                                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                   |                                                         |
| Developer Advance                                       | 83,069                          | 24,000            | (59,069)                                                |
| Total Other Financing Sources (Uses)                    | 83,069                          | 24,000            | (59,069)                                                |
| <b>NET CHANGE IN FUND BALANCE</b>                       | 6,116                           | 90,498            | 84,382                                                  |
| Fund Balance - Beginning of Year                        | 4,028                           | (1,216)           | (5,244)                                                 |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ 10,144</u>                | <u>\$ 89,282</u>  | <u>\$ 79,138</u>                                        |

See accompanying Notes to Basic Financial Statements.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1    DEFINITION OF REPORTING ENTITY**

Sagebrush Farm Metropolitan District No. 1 (the District) is a quasi-municipal corporation located in the City of Aurora, County of Adams, Colorado, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized by order and decree of the District Court on June 30, 2005, and was established to provide financing for the planning, design, acquisition, construction, installation, relocation, and redevelopment of the streets, safety protection, water and sanitation, parks and recreation improvements, and operation and maintenance of the District.

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.

**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.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

The District reports the following major governmental funds:

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

The 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 or construction of major capital facilities and other assets.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, 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 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.

**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.

**Capital Assets**

Capital assets, which include property and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported 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, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress/not yet conveyed.

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 that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 sales 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.

**Amortization – Original Issue Discount/Premium**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

**Deferred Inflow 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only 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 amounts become 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:

**SAGEBRUSH FARM 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 balances 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.

**SAGEBRUSH FARM 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              | \$ 104,714           |
| Cash and Investments - Restricted | <u>15,788,079</u>    |
| Total Cash and Investments        | <u>\$ 15,892,793</u> |

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

|                                      |                      |
|--------------------------------------|----------------------|
| Deposits with Financial Institutions | \$ 26,719            |
| Investments                          | <u>15,866,074</u>    |
| Total Cash and Investments           | <u>\$ 15,892,793</u> |

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2025, the District's cash deposits had a bank and carrying balance of \$26,719.

**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.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**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 Surplus Asset Fund Trust (CSAFE)                          | Weighted-Average | \$ 94,496            |
| Morgan Stanley Institutional Liquidity Funds<br>(MSILF Govt #8352) | Under 60 Days    | 15,771,578           |
| Total                                                              |                  | <u>\$ 15,866,074</u> |

**CSAFE**

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

CSAFE CASH FUND operates similarly to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, and any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSAFE (Continued)**

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost, and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**Government Portfolio**

The debt service money that is included in the trust accounts at United Missouri Bank is invested in the Morgan Stanley Institutional Liquidity Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 60 days or less and repurchase agreements collateralized by U.S. Treasury obligations. The Morgan Stanley Institutional Liquidity Fund is rated AAAM by Standard & Poor's.

**NOTE 4 CAPITAL ASSETS**

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2025:

|                                                | Balance at<br>December 31,<br>2024 | Increases            | Decreases   | Balance at<br>December 31,<br>2025 |
|------------------------------------------------|------------------------------------|----------------------|-------------|------------------------------------|
| Governmental Activities:                       |                                    |                      |             |                                    |
| Capital Assets, Not Being<br>Depreciated:      |                                    |                      |             |                                    |
| Construction in Progress                       | \$ 16,401,558                      | \$ 14,418,272        | \$ -        | \$ 30,819,830                      |
| Total Capital Assets, Not<br>Being Depreciated | <u>\$ 16,401,558</u>               | <u>\$ 14,418,272</u> | <u>\$ -</u> | <u>\$ 30,819,830</u>               |

It is the policy of Adams County (the County) and the City of Aurora (the City) to accept the maintenance responsibility for improvements only after a probationary period following the completion of construction. Upon final acceptance of the streets by the County or the City, the District will remove the costs of construction from its capital assets. The District will maintain the ownership and maintenance of the District-owned improvements once those projects are completed.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS**

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

|                                | Balance at<br>December 31,<br>2024 | Additions     | Reductions    | Balance at<br>December 31,<br>2025 | Due<br>Within<br>One Year |
|--------------------------------|------------------------------------|---------------|---------------|------------------------------------|---------------------------|
| Bonds Payable:                 |                                    |               |               |                                    |                           |
| General Obligation Bonds       |                                    |               |               |                                    |                           |
| Series 2022A                   | \$ 43,390,000                      | \$ -          | \$ -          | \$ 43,390,000                      | \$ -                      |
| Subordinate Limited Tax Bonds  |                                    |               |               |                                    |                           |
| Series 2024B                   | 13,750,000                         | -             | -             | 13,750,000                         | -                         |
| Accrued Interest               |                                    |               |               |                                    |                           |
| Series 2024B                   | 205,276                            | 1,116,422     | -             | 1,321,698                          | -                         |
| Subtotal Bonds Payable         | 57,345,276                         | 1,116,422     | -             | 58,461,698                         | -                         |
| Other Debts:                   |                                    |               |               |                                    |                           |
| Developer Advance - Operating  | 316,259                            | 24,000        | -             | 340,259                            | -                         |
| Developer Advance - Capital    | -                                  | 14,372,467    | 14,372,467    | -                                  | -                         |
| Accrued Interest on:           |                                    |               |               |                                    |                           |
| Developer Advance - Operating  | 29,086                             | 26,929        | -             | 56,015                             | -                         |
| Developer Advance - Capital    | -                                  | 9,272         | 9,272         | -                                  | -                         |
| Subtotal Other Debts           | 345,345                            | 14,432,668    | 14,381,739    | 396,274                            | -                         |
| Bond Premium/Discount:         |                                    |               |               |                                    |                           |
| Bond Discount - Series 2020A   | (992,031)                          | -             | 47,706        | (944,325)                          | -                         |
| Subtotal Bond Premium/Discount | (992,031)                          | -             | 47,706        | (944,325)                          | -                         |
| Total Long-Term Obligations    | \$ 56,698,590                      | \$ 15,549,090 | \$ 14,429,445 | \$ 57,913,647                      | \$ -                      |

**General Obligation Limited Tax Bonds, Series 2022A (the Series 2022A Bonds)**

The District issued the Series 2022A Bonds on October 19, 2022, in the amount of \$43,390,000, pursuant to an Indenture of Trust between the District and UMB Bank, N.A. (the Trustee), dated October 19, 2022 (the Indenture).

**Proceeds of the Bonds**

Proceeds from the sale of the Series 2022A Bonds were used to fund: (a) the costs of certain public improvements to serve the Development, (b) an initial deposit to the Surplus Fund (as defined in the Indenture), (c) capitalized interest, and (d) the costs of issuing the Series 2022A Bonds. The Series 2022A Bonds do not have any unused lines of credit.

The Series 2022A Bonds were issued as two term bonds bearing interest at the rate of 6.375% and 6.75% per annum, respectively, payable to the extent of Pledged Revenue (as defined in the Indenture) on each June 1 and December 1, beginning on December 1, 2022. Annual mandatory sinking fund principal payments are due on each December 1, beginning December 1, 2029. The Series 2022A Bonds mature on December 1, 2052.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**General Obligation Limited Tax Bonds, Series 2022A (the Series 2022A Bonds)**  
**(Continued)**

Proceeds of the Bonds (Continued)

To the extent principal of any Series 2022A Bond is not paid when due, principal shall remain outstanding until paid. To the extent interest on any Series 2022A Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Series 2022A Bond.

The Series 2022A Bonds do not have any unused lines of credit. The Series 2022A Bonds are not collateralized and are not subject to acceleration.

Optional Redemption

The Series 2022A Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, 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:

| <u>Date of Redemption</u>                   | <u>Redemption Premium</u> |
|---------------------------------------------|---------------------------|
| December 1, 2029, Through November 30, 2030 | 3.00%                     |
| December 1, 2030, Through November 30, 2031 | 2.00                      |
| December 1, 2031, Through November 30, 2032 | 1.00                      |
| December 1, 2032, and Thereafter            | 0.00                      |

Pledged Revenue

The Series 2022A Bonds are secured by and payable solely from and to the extent of Series 2022A Pledged Revenue derived by the District from the following sources: the Required Mill Levy (as defined in the Indenture); the portion of the Specific Ownership Tax (as defined in the Indenture) which is collected as a result of imposition of the Required Mill Levy; and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

The Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the Series 2022A Bonds as they come due, but (i) not in excess of 35 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2004), and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount (as defined in the Indenture), not less than 35 mills (as adjusted) or such lesser mill levy which will pay the Series 2022A Bonds as they come due and will fund the Surplus Fund up to the Maximum Surplus Amount.

The District certified 36.454 mills for debt service for collection in 2025.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**General Obligation Limited Tax Bonds, Series 2022A (the Series 2022A Bonds)**  
**(Continued)**

Surplus Fund

The Series 2022A Bonds are also secured by the Surplus Fund which was partially funded in the amount of the initial deposit of \$3,900,000 from proceeds of the Series 2022A Bonds. In addition to the initial deposit to the Surplus Fund, Pledged Revenue that is not needed to pay debt service of the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$8,678,000. The Surplus Fund is to be maintained for so long as any Series 2022A Bond is outstanding and is pledged to the payment of the Series 2022A Bonds.

Events of Default of the Series 2022A Bonds

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

The Series 2022A Bonds principal and interest will mature as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|---------------------------------|----------------------|----------------------|----------------------|
| 2026                            | \$ -                 | \$ 2,871,113         | \$ 2,871,113         |
| 2027                            | -                    | 2,871,113            | 2,871,113            |
| 2028                            | -                    | 2,871,113            | 2,871,113            |
| 2029                            | 25,000               | 2,871,113            | 2,896,113            |
| 2030                            | 645,000              | 2,869,519            | 3,514,519            |
| 2031-2035                       | 4,310,000            | 13,648,894           | 17,958,894           |
| 2036-2040                       | 6,810,000            | 11,970,358           | 18,780,358           |
| 2041-2045                       | 8,895,000            | 9,462,151            | 18,357,151           |
| 2046-2050                       | 12,355,000           | 6,130,014            | 18,485,014           |
| 2051-2052                       | 10,350,000           | 1,188,000            | 11,538,000           |
| Total                           | <u>\$ 43,390,000</u> | <u>\$ 56,753,388</u> | <u>\$100,143,388</u> |

**Subordinate General Obligation Limited Tax Bonds, Series 2024 (the Subordinate Series 2024 Bonds)**

The District issued the Subordinate Series 2024 Bonds on October 24, 2024, in the amount of \$13,750,000, pursuant to an Indenture of Trust between the District and UMB Bank, N.A. (the Trustee), dated October 24, 2024 (the Indenture).

Proceeds of the Bonds

Proceeds from the sale of the Subordinate Series 2024 Bonds were used for the purposes of financing or reimbursing the costs of acquiring, constructing, and/or installing certain public improvements to serve the Development and to pay costs incurred in connection with the issuance of the Bonds. The Subordinate Series 2024 Bonds do not have any unused lines of credit.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Subordinate General Obligation Limited Tax Bonds, Series 2024 (the Subordinate Series 2024 Bonds) (Continued)**

Proceeds of the Bonds (Continued)

The Subordinate Series 2024 Bonds were issued as subordinate “cash flow” bonds, secured and payable from the Subordinate Pledged Revenue. The bonds bear interest at the rate of 8.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Subordinate Pledged Revenue (as defined in the Indenture) on each December 15, beginning on December 15, 2024. The Series 2024 Bonds mature on December 15, 2054.

To the extent principal of any Subordinate Series 2024 Bond is not paid when due, principal shall remain outstanding until the earlier of its payment or the Termination Date (December 16, 2064) and shall continue to bear interest at the rate then borne by the bond. To the extent interest on any Subordinate Series 2024 Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Subordinate Series 2024 Bond.

The Series 2024 Bonds do not have any unused lines of credit. The Series 2024 Bonds are not collateralized and are not subject to acceleration.

Pledged Revenue

The Subordinate Series 2024 Bonds are secured by and payable solely from and to the extent of Subordinate Series 2024 Pledged Revenue derived by the District from the following sources: the Subordinate Required Mill Levy (as defined in the Indenture); the portion of the Specific Ownership Tax (as defined in the Indenture) which is collected as a result of imposition of the Subordinate Required Mill Levy; the amounts, if any, in the Series 2022A Senior Bond Surplus Fund after the payment or defeasance of the Series 2022A Senior Bonds; and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Subordinate Required Mill Levy

The Subordinate Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount of 35 mills less the amount of the Series 2022A Bonds Required Mill Levy and the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal and interest on the Bonds in full (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2004).

Events of Default of the Subordinate Series 2024 Bonds

Events of default occur if the District fails to impose the Subordinate Required Mill Levy, or to apply the Subordinate Pledged Revenues as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Subordinate General Obligation Limited Tax Bonds, Series 2024 (the Subordinate Series 2024 Bonds) (Continued)**

**Events of Default of the Subordinate Series 2024 Bonds (Continued)**

Because of the uncertainty of the timing of the principal and interest payments on the Subordinate Series 2024 Bonds, no schedule of principal and interest payments are presented.

**Authorized Debt**

The District was organized to provide services to the same service area with Sagebrush Farm Metropolitan District No. 2, Sagebrush Farm Metropolitan District No. 3, Sagebrush Farm Metropolitan District No. 4, Sagebrush Farm Metropolitan District No. 5, and Sagebrush Farm Metropolitan District No. 6 (defined collectively as the "Districts").

The Districts, in aggregate, have the ability to issue Bonds in the amount of \$340,000,000 for public improvements (the "Public Improvements Debt Issuance Limit") and in the amount of \$340,000,000 for regional improvements (the "Regional Improvements Debt Issuance Limit") as set forth in the Service Plan (collectively, the "Service Plan Debt Issuance Limits"). The Public Improvements Debt Issuance Limit is not subject to the Regional Improvements Debt Issuance Limit, nor is the Regional Improvements Debt Issuance Limit subject to the Public Improvements Debt Issuance Limit.

On July 15, 2022, the District and Sagebrush Farm Metropolitan District Nos. 3 and 4 (the "West Side Districts"), and Sagebrush Farm Metropolitan District No. 2, Sagebrush Farm Metropolitan District No. 5 and Sagebrush Farm Metropolitan District No. 6 (the "East Side Districts") entered into an Intergovernmental Agreement Regarding Allocation of Debt Authorization and Service Area (the "Debt Allocation IGA"), pursuant to which the West Side Districts were allocated \$243,600,000 of the Public Improvements Debt Issuance Limit (the "West Side Allocation Limit").

On July 15, 2022, the West Side Districts entered into an Intergovernmental Agreement Regarding Reallocation of Debt Authorization (the "Debt Reallocation IGA"). Under the Debt Reallocation IGA, of the West Side Allocation Limit, the District was allocated \$200,000,000 (the "Reallocation Limit").

In no event is the District authorized to issue Bonds for Public Improvements which exceeds the Reallocation Limit.

In no event is the District authorized to issue Bonds for Regional Improvements which, together with any Bonds issued by the West Side Districts and the East Side Districts, in aggregate for Regional Improvements, exceeds the Regional Debt Issuance Limit.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt (Continued)**

As of December 31, 2025, the amount of debt authorization remaining for the District within the Reallocation Limit for Public Improvements is \$142,860,000 and the amount of remaining for the District, in aggregate with the West Side Districts and East Side Districts for Regional Improvements is \$34,000,000.

The District's voters have authorized the District to issue Debt in accordance with the Service Plan Debt Issuance Limits.

In the future, the District may issue a portion or all of the remaining Reallocation Limit for purposes of providing public improvements to support development as it occurs within the Districts' service area.

**NOTE 6 NET POSITION**

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

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

|                               | <u>Governmental<br/>Activities</u> |
|-------------------------------|------------------------------------|
| Restricted Net Position:      |                                    |
| Emergencies                   | \$ 5,800                           |
| Debt Service Reserve          | <u>1,277,454</u>                   |
| Total Restricted Net Position | <u><u>\$ 1,283,254</u></u>         |

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, a portion of which have been conveyed and/or will be conveyed to other governmental entities.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 7 RELATED PARTY**

All members of the Board of Directors are employees, owners, or are otherwise associated with The Opus Development Company, LLC (the Developer). The Developer holds interest in Sun Empire One Owner, LLC, Sun Empire Venture, LLC, its subsidiaries, and Sun Empire Director Parcel Owner, LLC, which own or are anticipated to own property within the boundaries of the District. The Developer and its related entities may have conflicts of interest in dealing with the District.

**Operation Funding Agreement**

The District has approved a Multiple-Year Operation Funding Agreement with Sun Empire Venture LLC, a Delaware limited liability company (Sun Empire Venture) with an effective date of August 9, 2022, as amended by that certain First Amendment to Multiple-Year Operation Funding Agreement, dated December 14, 2022, and as amended by that certain Second Amendment to Multiple-Year Operation Funding Agreement, dated November 8, 2023 (collectively, the OFA). The OFA sets forth the terms upon which Sun Empire Venture is to advance funds to the District to pay, or will directly pay, its ongoing operations, maintenance and administrative expenses (O&M Expenses) which enable it to provide administrative and operations services for itself and Sagebrush Farm Metropolitan District No. 3 and Sagebrush Farm Metropolitan District No. 4 (collectively, the District Services) on a periodic basis as needed from the date of the OFA through 2027 up to an aggregate amount of \$400,000 upon written notice from the District. The O&M Expenses do not include the estimated costs of operation, maintenance, repair and replacement of Public Improvements which will not be accepted for operation and maintenance by other local governments, which the parties to the OFA agree will be determined and become the subject of an amendment to the OFA prior to the construction of such Public Improvements to adjust the O&M Expenses to ensure there are funds to make payment of such costs of operation, maintenance, repair and replacement.

The OFA provides that simple interest is to accrue at the rate of 8% per annum on each Developer Advance (as defined in the OFA) from the date of deposit into the District's account or from the date of direct payment by Sun Empire Venture, until paid and on amounts advanced by Sun Empire Venture to the District prior to the date of the OFA from the date of the OFA until paid. At December 31, 2025, there was \$396,274 outstanding under this agreement, of which \$340,259 is principal and \$56,015 is interest.

**Facilities Funding and Acquisition Agreement**

The District has approved a Facilities Funding and Acquisition Agreement, with an effective date of August 9, 2022 (FFAA) with Sun Empire Venture, setting forth the rights, obligations and procedures for the acquisition of certain Public Improvements (the Public Improvements) from Sun Empire Venture and for the reimbursement by the District to Sun Empire Venture of costs related to Public Improvements, as well as expenses for the organization of Sagebrush Farm Metropolitan District Nos. 3-6 (Organization Expenses).

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 7 RELATED PARTY (CONTINUED)**

**Facilities Funding and Acquisition Agreement (Continued)**

Pursuant to the FFAA, Sun Empire Venture agreed to advance funds (Advances) necessary to fund the costs of the design, testing, engineering and construction of the Public Improvements, together with the related consultant and management fees associated with the construction of the Public Improvements (Construction Related Expenses) incurred by the District on a periodic basis as needed. If the District requires additional advances above the Construction Shortfall Amount (as defined in the FFAA), the District is to request such additional funds from Sun Empire Venture and, if Sun Empire Venture approves such amounts, the amount of such additional advances is to be added to the Shortfall Amount. The FFAA also sets forth certain procedures for the District's acquisition of Public Improvements and verification that the Construction Related Expenses incurred by Sun Empire Venture are reimbursable (Verified Costs). Such procedures require the District to obtain a certification of an independent engineer that the Construction Related Expenses are reasonable and comparable to similar projects as constructed in the Denver metropolitan area, and verification from the District's accountant that the Construction Related Expenses are reimbursable. The FFAA provides that simple interest is to accrue at the rate of 8% per annum on each Developer Advance. On December 31, 2062, any costs not paid or reimbursed under this agreement, shall be deemed to be discharged and satisfied in full. At December 31, 2025, there were no unpaid advances.

**NOTE 8 AGREEMENTS**

**Memorandum of Understanding**

The District, Sagebrush Farm Metropolitan District No. 3 and Sagebrush Farm Metropolitan District No. 4 (collectively the Districts), entered into a Memorandum of Understanding dated July 15, 2022 (MOU), pursuant to which the District was designated as the coordinating district for purposes of providing any financing, construction, design, operation and maintenance of the Public Improvements benefiting the property within the Districts, as well as the overall administration of the Districts, until the Districts finalize a facilities funding, construction and operations agreement among them (FFCOA). Pursuant to the MOU, the District was designated as the coordinating district for purposes of providing any financing, construction, design, operation and maintenance of the Public Improvements benefiting the property within the Districts, as well as the overall administration of the Districts, until the Districts finalize a facilities funding, construction and operations agreement among them (FFCOA). Pursuant to the MOU, the Districts agreed that although it is anticipated that debt associated with each district will be incurred directly by each district, funds for construction, administration, operation and maintenance of Public Improvements may be allocated among the Districts in accordance with the FFCOA. Further, the Districts agreed in the MOU that the FFCOA is to provide for District No. 3 and District No. 4 to reimburse the District for certain costs incurred by the District pursuant to the MOU based on an allocable basis to be set forth in the FFCOA.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 8    AGREEMENTS (CONTINUED)**

**Aerotropolis Regional Transportation Authority**

On November 14, 2024, the District along with several other entities entered into an Agreement Regarding Inclusion into the Aerotropolis Regional Transportation Authority, Regional Transportation System Improvements Funding, And Imposition, Collection and Transfer of ARI Mill Levies (Aerotropolis RTA). The agreement requires the District to impose an ARI Mill Levy (as defined in the Second Amended and Restated Service Plan) of 5 mills, as adjusted, less the mill levy imposed by Aerotropolis RTA. Aerotropolis RTA will plan, design, acquire, construct, relocate, redevelop and finance regional improvements within the boundaries of the metropolitan districts which are a party to the Agreement, using the ARI revenue from each of the districts.

**Exclusion Agreement**

On September 4 2024, the District also approved an Exclusion Agreement with Sun Empire Venture, LLC and Kairus Inc., under which property owned by Kairus may elect to exercise an option to exclude real property that it owns from the District following notice from the District that the District intends to refinance the Series 2022A Bonds and Subordinate 2024 Bonds. If Kairus elects to exclude its property from the District prior to refunding, it would be required to make a redemption payment of its allocable share of the District's then-existing debt (calculated as 59.3%), plus interest. The excluded Kairus property would be required to pay the District's general fund mill levy and ARI Mill Levy after exclusion, per a Payment-in-Lieu of Taxes (PILOT) covenant recorded on the Kairus property.

**Cost Sharing Agreement – Median Landscape Installation and Operation – Velocity**

The District entered into a Cost Sharing Agreement – Median Landscape Installation and Operation with Velocity Metropolitan District No. 1 (Velocity), dated July 1, 2024 (Velocity Median Agreement), under which the District and Velocity agreed to share, on an equal basis, in the costs of constructing and operating and maintaining certain landscape medians in the East 56<sup>th</sup> Avenue right-of-way.

**Cost Sharing Agreement – East 56<sup>th</sup> Avenue Roadway Improvements**

The District entered into a Cost Sharing Agreement - East 56<sup>th</sup> Avenue Roadway Improvements with Velocity (Velocity Reimbursement Agreement), dated August 13, 2024, under which the District agreed to reimburse Velocity the sum of \$3,000,000 for certain East 56<sup>th</sup> Avenue roadway improvements that Velocity constructed. On April 16, 2025, the District acknowledged the Final Acceptance of Improvements by the City of Aurora and authorized payment to Velocity.

**Cost Sharing Agreement – Median Landscape Installation and Operation – Windler**

The District entered into a Cost Sharing Agreement – Median Landscape Installation and Operation (Windler Median Agreement), dated October 9, 2024, with certain other metropolitan districts or authorities in the Windler development (collectively, Windler), under which the District and Windler agreed to share, on an equal basis, in the costs of constructing and operating and maintaining certain landscape medians. The District anticipates that its share will be \$700,000.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 8    AGREEMENTS (CONTINUED)**

**Debt Allocation IGA**

Pursuant to the Debt Allocation IGA, the West Side Districts were allocated \$243,600,000 (the Allocation Limit) of the Public Improvements Debt Issuance Limit, and the East Side Districts were allocated \$96,400,000 of the Public Improvements Debt Issuance Limit, based on proportions of acreage within the shared service area. Following issuance of the Series 2022A Bonds and the Subordinate 2024 Bonds, the remaining Reallocation Limit for public improvements for the District is \$142,860,000.

**Debt Reallocation IGA**

Pursuant to the Debt Reallocation IGA, of the Allocation Limit, the District was allocated \$200,000,000 (the Reallocation Limit). Following issuance of the Series 2022A Bonds and the Subordinate 2024 Bonds, the remaining Reallocation Limit for public improvements debt for the District is \$142,860,000.

**Service Plan IGA**

Concurrent with City approval of the District's Second Amended and Restated Service Plan, the District and City entered into a Second Amended and Restated Intergovernmental Agreement dated August 26, 2024 (the Service Plan IGA), under which the certain Service Plan requirements and limitations were made contractual obligations of the District. For example, the Service Plan IGA reiterates the Service Plan Debt Limit and mill levy limits.

**NOTE 9    ECONOMIC DEPENDENCY**

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

**NOTE 10   INTERFUND TRANSFERS**

The transfer from the Debt Service Fund to the Capital Projects Fund was related to the reimbursement of Paying Agent fees paid by the Capital projects fund.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 11 RISK MANAGEMENT**

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

**NOTE 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 within the state of Colorado, except Enterprises.

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

On May 3, 2022, a majority of the District's electors authorized the District to collect and spend or retain in a reserve any currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

The District's management has taken steps it believes are necessary to comply 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.

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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 May 6, 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**

**SAGEBRUSH FARM 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<br>and Final<br>Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------------------|---------------------------------|-------------------|---------------------------------------------------------|
| <b>REVENUES</b>                                  |                                 |                   |                                                         |
| Property Taxes                                   | \$ 603,914                      | \$ 603,915        | \$ 1                                                    |
| Specific Ownership Taxes                         | 42,274                          | 27,847            | (14,427)                                                |
| Interest Income                                  | 315,000                         | 263,341           | (51,659)                                                |
| Total Revenues                                   | 961,188                         | 895,103           | (66,085)                                                |
| <b>EXPENDITURES</b>                              |                                 |                   |                                                         |
| County Treasurer's Fee                           | 9,059                           | 9,058             | 1                                                       |
| Paying Agent Fees                                | 10,000                          | 4,000             | 6,000                                                   |
| Bond Interest                                    | 2,871,113                       | 2,871,113         | -                                                       |
| Contingency                                      | 9,828                           | -                 | 9,828                                                   |
| Total Expenditures                               | 2,900,000                       | 2,884,171         | 15,829                                                  |
| <b>EXCESS OF REVENUES UNDER<br/>EXPENDITURES</b> | (1,938,812)                     | (1,989,068)       | (50,256)                                                |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                                 |                   |                                                         |
| Transfers To Other Fund                          | -                               | (6,000)           | (6,000)                                                 |
| Total Other Financing Uses                       | -                               | (6,000)           | (6,000)                                                 |
| <b>NET CHANGE IN FUND BALANCE</b>                | (1,938,812)                     | (1,995,068)       | (56,256)                                                |
| Fund Balance - Beginning of Year                 | 7,419,251                       | 7,411,781         | (7,470)                                                 |
| <b>FUND BALANCE - END OF YEAR</b>                | \$ 5,480,439                    | \$ 5,416,713      | \$ (63,726)                                             |

**SAGEBRUSH FARM 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<br>and Final<br>Budget | Actual<br>Amounts    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------|---------------------------------|----------------------|---------------------------------------------------------|
| <b>REVENUES</b>                                         |                                 |                      |                                                         |
| Interest Income                                         | \$ 800,000                      | \$ 769,806           | \$ (30,194)                                             |
| Contribution                                            | 2,200,000                       | -                    | (2,200,000)                                             |
| Other Revenue                                           | -                               | 5,424                | 5,424                                                   |
| Total Revenues                                          | 3,000,000                       | 775,230              | (2,224,770)                                             |
| <b>EXPENDITURES</b>                                     |                                 |                      |                                                         |
| Accounting                                              | 11,500                          | 8,958                | 2,542                                                   |
| Engineering                                             | 70,000                          | 45,588               | 24,412                                                  |
| Legal                                                   | 100,000                         | 6,977                | 93,023                                                  |
| Capital Outlay                                          | 14,600,000                      | 14,372,684           | 227,316                                                 |
| IGA - Aerotropolis                                      | 1,500,000                       | -                    | 1,500,000                                               |
| IGA - Velocity                                          | 3,150,000                       | 3,000,000            | 150,000                                                 |
| Contingency                                             | 1,943,500                       | -                    | 1,943,500                                               |
| Total Expenditures                                      | 21,375,000                      | 17,434,207           | 3,940,793                                               |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (18,375,000)                    | (16,658,977)         | 1,716,023                                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                      |                                                         |
| Developer Advance                                       | 14,600,000                      | 14,372,467           | (227,533)                                               |
| Repay Developer Advance                                 | (14,600,000)                    | (14,372,467)         | 227,533                                                 |
| Developer Advance - Interest Expense                    | (25,000)                        | (9,272)              | 15,728                                                  |
| Transfers From Other Funds                              | -                               | 6,000                | 6,000                                                   |
| Total Other Financing Sources (Uses)                    | (25,000)                        | (3,272)              | 21,728                                                  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (18,400,000)                    | (16,662,249)         | 1,737,751                                               |
| Fund Balance - Beginning of Year                        | 27,004,036                      | 27,017,861           | 13,825                                                  |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ 8,604,036</u>             | <u>\$ 10,355,612</u> | <u>\$ 1,751,576</u>                                     |

## **OTHER INFORMATION**

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2025**

| \$43,390,000 General Obligation Limited Tax Bonds                 |                      |                      |                       |
|-------------------------------------------------------------------|----------------------|----------------------|-----------------------|
| Series 2022A                                                      |                      |                      |                       |
| Issued October 19, 2022                                           |                      |                      |                       |
| Interest Rate: 6.375% and 6.75%                                   |                      |                      |                       |
| Interest Payable June 1 and December 1                            |                      |                      |                       |
| Principal Payable December 1                                      |                      |                      |                       |
| Bonds and Interest<br>Maturing in the<br>Year Ending December 31, | Principal            | Interest             | Total                 |
| 2026                                                              | \$ -                 | \$ 2,871,113         | \$ 2,871,113          |
| 2027                                                              | -                    | 2,871,113            | 2,871,113             |
| 2028                                                              | -                    | 2,871,113            | 2,871,113             |
| 2029                                                              | 25,000               | 2,871,113            | 2,896,113             |
| 2030                                                              | 645,000              | 2,869,519            | 3,514,519             |
| 2031                                                              | 675,000              | 2,828,400            | 3,503,400             |
| 2032                                                              | 790,000              | 2,785,369            | 3,575,369             |
| 2033                                                              | 850,000              | 2,735,006            | 3,585,006             |
| 2034                                                              | 965,000              | 2,680,819            | 3,645,819             |
| 2035                                                              | 1,030,000            | 2,619,300            | 3,649,300             |
| 2036                                                              | 1,160,000            | 2,553,638            | 3,713,638             |
| 2037                                                              | 1,235,000            | 2,479,688            | 3,714,688             |
| 2038                                                              | 1,365,000            | 2,400,956            | 3,765,956             |
| 2039                                                              | 1,440,000            | 2,313,938            | 3,753,938             |
| 2040                                                              | 1,610,000            | 2,222,138            | 3,832,138             |
| 2041                                                              | 1,710,000            | 2,119,500            | 3,829,500             |
| 2042                                                              | 1,890,000            | 2,010,488            | 3,900,488             |
| 2043                                                              | 1,610,000            | 1,890,000            | 3,500,000             |
| 2044                                                              | 1,785,000            | 1,781,325            | 3,566,325             |
| 2045                                                              | 1,900,000            | 1,660,838            | 3,560,838             |
| 2046                                                              | 2,105,000            | 1,532,588            | 3,637,588             |
| 2047                                                              | 2,245,000            | 1,390,500            | 3,635,500             |
| 2048                                                              | 2,455,000            | 1,238,963            | 3,693,963             |
| 2049                                                              | 2,645,000            | 1,073,250            | 3,718,250             |
| 2050                                                              | 2,905,000            | 894,713              | 3,799,713             |
| 2051                                                              | 3,100,000            | 698,625              | 3,798,625             |
| 2052                                                              | 7,250,000            | 489,375              | 7,739,375             |
| Total                                                             | <u>\$ 43,390,000</u> | <u>\$ 56,753,388</u> | <u>\$ 100,143,388</u> |

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2025**

| Year Ended<br>December 31,                        | Assessed<br>Valuation | Percent<br>Change | Total Mills Levied    |                 |                            | Total Property Taxes |           | Percent<br>Collected<br>to Levied |
|---------------------------------------------------|-----------------------|-------------------|-----------------------|-----------------|----------------------------|----------------------|-----------|-----------------------------------|
|                                                   |                       |                   | General<br>Operations | Debt<br>Service | Contractual<br>Obligations | Levied               | Collected |                                   |
| 2021                                              | \$ 30                 | 0.0%              | -                     | -               | -                          | \$ -                 | -         | - %                               |
| 2022                                              | 30                    | 0.0%              | -                     | -               | -                          | -                    | -         | - %                               |
| 2023                                              | 50                    | 66.7%             | 10,000                | 38,367          | 1,096                      | 3                    | 2         | 66.67 %                           |
| 2024                                              | 10,960                | 36433.3%          | 10,000                | 38,446          | 1,098                      | 543                  | 543       | 100.00 %                          |
| 2025                                              | 16,566,460            | 151053.8%         | 10,415                | 36,454          | 0,207                      | 779,883              | 779,883   | 100.00 %                          |
| Estimated for<br>Year Ending<br>December 31, 2026 | \$ 37,628,940         | 127.1%            | 10,740                | 37,592          | 0,370                      | \$ 1,832,605         |           |                                   |

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: Adams County Assessor and Treasurer.

## **CONTINUING DISCLOSURE OBLIGATION**

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1**  
**CONTINUING DISCLOSURE OBLIGATION**  
**DECEMBER 31, 2025**

**General Fund Budget Summary**

|                                           | <u>2026 Budget</u>       |
|-------------------------------------------|--------------------------|
| <b>REVENUES</b>                           |                          |
| Property Taxes                            | \$ 404,135               |
| Specific Ownership Taxes                  | 22,227                   |
| ARI - Aerotropolis RTA                    | 13,923                   |
| Interest Income                           | 2,000                    |
| Total Revenues                            | <u>442,285</u>           |
| <b>EXPENDITURES</b>                       |                          |
| Accounting                                | 66,000                   |
| Auditing                                  | 6,900                    |
| County Treasurer's Fee                    | 6,062                    |
| County Treasurer's Fee - Aerotropolis RTA | 209                      |
| Dues and Membership                       | 1,000                    |
| Insurance                                 | 8,000                    |
| Legal                                     | 50,000                   |
| Intergovernmental Expenditures            | 13,714                   |
| Website                                   | 5,000                    |
| Contingency                               | 13,615                   |
| Repairs and Maintenance                   | 10,000                   |
| Landscaping                               | 30,000                   |
| Tree Maintenance                          | 1,500                    |
| Water Quality Pond Maintenance            | 10,000                   |
| Detention Pond Maintenance                | 3,000                    |
| Snow Removal                              | 70,000                   |
| Electricity                               | 5,000                    |
| Total Expenditures                        | <u>300,000</u>           |
| <b>NET CHANGE IN FUND BALANCE</b>         | 142,285                  |
| Fund Balance - Beginning of Year          | <u>19,296</u>            |
| <b>FUND BALANCE - END OF YEAR</b>         | <u><u>\$ 161,581</u></u> |

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1  
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)  
DECEMBER 31, 2025**

**Debt Service Fund Budget Summary**

|                                   | <u>2026 Budget</u>         |
|-----------------------------------|----------------------------|
| <b>REVENUES</b>                   |                            |
| Property Taxes                    | \$ 1,414,547               |
| Specific Ownership Taxes          | 77,800                     |
| Interest Income                   | <u>140,000</u>             |
| Total Revenues                    | <u>1,632,347</u>           |
| <b>EXPENDITURES</b>               |                            |
| County Treasurer's Fee            | 21,218                     |
| Paying Agent Fees                 | 10,000                     |
| Bond Interest                     | 2,871,113                  |
| Contingency                       | <u>7,669</u>               |
| Total Expenditures                | <u>2,910,000</u>           |
| <b>NET CHANGE IN FUND BALANCE</b> | (1,277,653)                |
| Fund Balance - Beginning of Year  | <u>5,373,973</u>           |
| <b>FUND BALANCE - END OF YEAR</b> | <u><u>\$ 4,096,320</u></u> |

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1  
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)  
DECEMBER 31, 2025**

**Capital Projects Fund Budget Summary**

|                                      | <u>2026 Budget</u> |
|--------------------------------------|--------------------|
| <b>REVENUES</b>                      |                    |
| Interest Income                      | \$ 190,000         |
| Developer Advance                    | 7,400,000          |
| Contribution                         | <u>2,200,000</u>   |
| Total Revenues                       | 9,790,000          |
| <b>EXPENDITURES</b>                  |                    |
| Accounting                           | 11,500             |
| Legal                                | 15,000             |
| Contingency                          | 6,050,258          |
| Repay Developer Advance              | 7,400,000          |
| Engineering                          | 50,000             |
| IGA Expenditures - Aerotropolis      | 1,500,000          |
| IGA Expenditures - Windler MD        | 700,000            |
| Developer Advance - Interest Expense | 15,000             |
| Capital Outlay                       | <u>7,400,000</u>   |
| Total Expenditures                   | <u>23,141,758</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>    | (13,351,758)       |
| Fund Balance - Beginning of Year     | <u>13,351,758</u>  |
| <b>FUND BALANCE - END OF YEAR</b>    | <u><u>\$ -</u></u> |

**SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1  
CONTINUING DISCLOSURE OBLIGATION (CONTINUED)  
DECEMBER 31, 2025**

**Assessed and "Actual" Valuation of Classes of Property in the District**

| <u>Class</u>      | <u>Assessed<br/>Valuation</u> | <u>Percent of<br/>Assessed<br/>Valuation</u> | <u>"Actual" Valuation</u> | <u>Percent of<br/>"Actual"<br/>Valuation</u> |
|-------------------|-------------------------------|----------------------------------------------|---------------------------|----------------------------------------------|
| Commercial        | \$ 23,673,290                 | 62.91%                                       | \$ 87,678,826             | 62.91%                                       |
| Agricultural      | 1,750                         | 0.01%                                        | 6,474                     | 0.01%                                        |
| State Assessed    | 1,020                         | 0.00%                                        | 3,777                     | 0.00%                                        |
| Vacant Land       | 13,921,510                    | 37.00%                                       | 51,561,164                | 37.00%                                       |
| Personal Property | 31,370                        | 0.08%                                        | 116,187                   | 0.08%                                        |
| Total             | <u>\$ 37,628,940</u>          | <u>100.00%</u>                               | <u>\$ 139,366,428</u>     | <u>100.00%</u>                               |

Source: County Assessor's Office.

**Largest Taxpayers Within the District in 2025**

| <u>Taxpayer</u>                     | <u>Actual Value</u>   | <u>Assessed Value</u> | <u>Percent of<br/>Assessed<br/>Valuation</u> |
|-------------------------------------|-----------------------|-----------------------|----------------------------------------------|
| SUN EMPIRE ONE OWNER LLC            | \$ 87,678,826         | \$ 23,673,290         | 16.99%                                       |
| KAIRUS INC                          | 51,557,064            | 13,920,400            | 9.99%                                        |
| PUBLIC SERVICE COMPANY OF CO (XCEL) | 119,964               | 32,390                | 0.02%                                        |
| SUN EMPIRE VENTURE LLC              | 6,474                 | 1,750                 | 0.00%                                        |
| SUN EMPIRE ONE OWNER LLC            | 4,100                 | 1,110                 | 0.00%                                        |
| Total                               | <u>\$ 139,366,428</u> | <u>\$ 37,628,940</u>  | <u>27.00%</u>                                |

Source: County Assessor's Office.