COALTON METROPOLITAN DISTRICT
Boulder County, Colorado

FINANCIAL STATEMENTS
December 31, 2025

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position (Deficit) 1

Statement of Activities 2

Fund Financial Statements

Balance Sheet – Governmental Funds 3

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 4

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 5

Statement of Revenues, Expenditures and Change in Fund Balance – General Fund – Budget and Actual 6

Notes to Financial Statements 7-17

SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Change in Fund Balance – Debt Service Fund – Budget and Actual 18

Schedule of Revenues, Expenditures and Change in Fund Balance – Subdistrict General Fund – Budget and Actual 19

OTHER INFORMATION

Summary of Assessed Valuation, Mill Levy and Property Taxes Collected 20

Haynie

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Coalton Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Coalton Metropolitan 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 Coalton Metropolitan District, as of December 31, 2025, the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coalton Metropolitan 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Coalton Metropolitan 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coalton Metropolitan 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 Coalton Metropolitan 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coalton Metropolitan District's basic financial statements. The budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are 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 listed in the table of contents. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Sincerely,



Haynie
Littleton, Colorado
September 30, 2026

BASIC FINANCIAL STATEMENTS

COALTON METROPOLITAN DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments - unrestricted	$ 184,911
Cash and investments - restricted	5,000
Accounts receivable	4,368
Receivable from county treasurer	1,010
Property taxes receivable	305,462
Prepaid expenses	7,474
Capital assets, being depreciated	1,418,031
Total assets	1,926,256
LIABILITIES	
Accounts payable	25,522
Accrued interest payable	79,070
Due to developer	215,848
Prepaid assessments	4,084
Noncurrent liabilities:	
Bonds payable - due in more than one year	4,638,844
Total liabilities	4,963,368
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	305,462
Total deferred inflows of resources	305,462
NET POSITION (DEFICIT)	
Net investment in capital assets	(748,728)
Restricted for:	
Emergencies	9,300
Unrestricted	(2,603,146)
Total net position (deficit)	$ (3,342,574)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

COALTON METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 317,775	$ 72,508	$ -	$ -	$ (245,267)
Interest and expenses on long-term debt	474,906	-	-	-	(474,906)
Contribution of assets to other government	1,021,989	-	-	-	(1,021,989)
	$ 1,814,670	$ 72,508	$ -	$ -	(1,742,162)
General revenues:					
Property taxes					270,379
Specific ownership taxes					12,154
Interest					312
Total general revenues					282,845
Change in net position					(1,459,317)
Net position (deficit)- beginning					(1,883,257)
Net position (deficit)- ending					$ (3,342,574)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

COALTON METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	General	Debt Service	Subdistrict General	Total Governmental Funds
ASSETS				
Cash and investments - unrestricted	$ 154,460	$ -	$ 30,451	$ 184,911
Cash and investments - restricted	-	5,000	-	5,000
Receivable from county treasurer	746	-	264	1,010
Property taxes receivable	90,391	135,276	79,795	305,462
Accounts receivable	-	-	4,368	4,368
Due from other funds	-	-	5,904	5,904
Prepaid expenditures	5,043	-	2,431	7,474
Total assets	$ 250,640	$ 140,276	123,213	$ 514,129
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 4,839	$ 5,000	$ 10,541	$ 20,380
Due to developer	-	-	5,142	5,142
Due to other funds	5,904	-	-	5,904
Prepaid assessments	-	-	4,084	4,084
Total liabilities	10,743	5,000	19,767	35,510
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	90,391	135,276	79,795	305,462
Total deferred inflows of resources	90,391	135,276	79,795	305,462
FUND BALANCES				
Net investment in capital assets				
Nonspendable:				
Prepaid expenditures	5,043	-	2,431	7,474
Assigned:				
Subsequent year's expenditures	49,839	5,000	10,541	65,380
Restricted:				
Emergency reserves	4,800	-	4,500	9,300
Unassigned	89,824	(5,000)	6,179	91,003
Total fund balances	149,506	-	23,651	173,157
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 250,640	$ 140,276	$ 123,213	

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	1,418,031
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Long term obligations	(4,854,692)
Accrued interest on long-term obligations	(79,070)
Net position of governmental activities	$ (3,342,574)

These financial statements should be read only in connection with the accompanying notes to financial statements.

COALTON METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	General	Debt Service	Subdistrict General	Total Governmental Funds
REVENUES				
Property taxes	$ 199,545	$ -	$ 70,834	$ 270,379
Specific ownership taxes	8,972	-	3,182	12,154
O & M Fee	-	-	30,410	30,410
Utility Billing	-	-	42,098	42,098
Interest	312	-	-	312
Total revenues	208,829	-	146,524	355,353
EXPENDITURES				
General				
Accounting	17,293	-	14,068	31,361
County treasurer fees	2,996	-	1,062	4,058
Director Fees	1,700	-	1,700	3,400
District management	7,448	-	9,782	17,230
Election	697	-	-	697
Hardscapes	5,650	-	-	5,650
Fee billings	-	-	6,012	6,012
Insurance	4,846	-	2,380	7,226
Landscape maintenance	187	-	1,244	1,431
Legal	13,545	-	3,641	17,186
Locates	6	-	-	6
Manicured landscaping	-	-	31,745	31,745
Miscellaneous	3,651	-	3,762	7,413
Payroll Expenses	256	-	257	513
Repairs and maintenance	-	-	3,345	3,345
Snow removal	-	-	24,612	24,612
Utilities	455	-	44,399	44,854
Website	105	-	395	500
Debt service				
Bond Interest	-	181,940	-	181,940
Capital Outlay	-	1,021,989	-	1,021,989
Cost of issuance	-	182,764	-	182,764
Developer advance repayment - capital interest	-	1,056,406	-	1,056,406
Developer advance repayment - capital principal	-	3,278,159	-	3,278,159
Developer advance repayment - operating interest	-	40,058	-	40,058
Developer advance repayment - operating principal	-	82,280	-	82,280
Trustee / paying agent fees	-	5,000	-	5,000
Total expenditures	58,835	5,848,596	148,404	6,055,835
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	149,994	(5,848,596)	(1,880)	(5,700,482)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	4,456,904	-	4,456,904
Bond accretion	-	181,940	-	181,940
Developer Advance	-	1,111,400	20,553	1,131,953
Transfer (to) from	(98,352)	98,352	-	-
Total other financing sources (usees)	(98,352)	5,848,596	20,553	5,770,797
NET CHANGES IN FUND BALANCES	51,642	-	18,673	70,315
FUND BALANCES (DEFICIT)- BEGINNING OF YEAR	97,864	-	4,978	102,842
FUND BALANCES (DEFICIT) - END OF YEAR	$ 149,506	$ -	$ 23,651	$ 173,157

These financial statements should be read only in connection with
the accompanying notes to financial statements.

COALTON METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - Total governmental funds		$ 70,315
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:		
Bond accretion	(181,940)	
Bond proceeds	(4,456,904)	
Developer advance	(1,131,953)	
Repayment of developer advances principal	3,360,439	(2,410,358)
Governmental funds report capital outlays as expenditures. In the Statement of Activities depreciation expense is not reported as an expenditure. This amount represents depreciation expense for the current period:		
Assets transferred to other governments	(1,021,989)	
Capital outlay	1,021,989	
Depreciation expense	(110,537)	(110,537)
Some expenses reported in the Statement of Activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:		
Net change in accrued bond interest	(46,285)	
Net change in developer advance interest	1,037,548	991,263
Change in net position of governmental activities		$ (1,459,317)

These financial statements should be read only in connection with the accompanying notes to financial statements.

COALTON METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2025

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes	$ 199,545	$ 199,545	$ 199,545	$ -
Specific ownership taxes	9,977	8,972	8,972	-
Interest	-	312	312	-
Total revenues	209,522	208,829	208,829	-
EXPENDITURES				
Administration				
Accounting	17,243	17,300	17,293	7
County treasurer fees	1,527	3,000	2,996	4
Developer advance repayment	-	45,000	-	45,000
Director Fees	2,200	1,700	1,700	-
District management	6,400	7,500	7,448	52
Election	5,000	700	697	3
Insurance	4,871	4,850	4,846	4
Legal	15,000	13,550	13,545	5
Locates	-	6	6	-
Miscellaneous	3,000	3,675	3,651	24
Payroll Expenses	-	275	256	19
Website	-	105	105	-
Operations and maintenance				
Hardscapes	10,000	5,650	5,650	-
Landscape maintenance	2,000	187	187	-
Repairs and Maintenance	16,768	-	-	-
Utilities	600	455	455	-
Emergency reserve - 3%	2,500	-	-	-
Total expenditures	87,109	103,953	58,835	45,118
EXCESS OF REVENUES OVER EXPENDITURES	122,413	104,876	149,994	45,118
OTHER FINANCING USES				
Transfer to debt services fund	-	(93,352)	(98,352)	(5,000)
Total other financing USES	-	(93,352)	(98,352)	(5,000)
NET CHANGE IN FUND BALANCE	122,413	11,524	51,642	40,118
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	66,809	97,864	97,864	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ 189,222	$ 109,388	$ 149,506	$ 40,118

These financial statements should be read only in connection with
the accompanying notes to financial statements.

NOTE 1 – DEFINITION OF REPORTING ENTITY

Coalton Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 7, 2010. The District and Subdistrict provide or anticipate providing landscaping improvements, irrigation, sanitary sewer improvements, streets, storm sewer improvements, and water improvements. The District's service area is located in Boulder County, Colorado.

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.

These financial statements include those of the District (primary government) and organizations for which the District is financially accountable (component unit). The following component unit is included in the reporting entity: Subdistrict No. 1 of the Coalton Metropolitan District.

Blended Component Unit

Subdistrict No. 1 of the Coalton Metropolitan District - The District organized the Subdistrict No. 1 of the Coalton Metropolitan District (Subdistrict or blended component unit) on July 14, 2020. Pursuant to the Special District Act, the Subdistrict is subject to the District's service plan and debt limitations. In addition, an intergovernmental agreement between the District and the Subdistrict provides for, among other things, limitations related to mill levy limitations and the issuance of additional indebtedness for the District and Subdistrict. The Subdistrict is governed by the same board as the District and provides services entirely or almost entirely to the District. Accordingly, the Subdistrict is reported as a blended component unit and its balances and transactions are included with those of the District in the accompanying financial statements. Separate financial statements for the Subdistrict are not presented.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies 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 primary government and its blended component unit. For the most part, the effect of interfund activity has been removed from these

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the primary government and its blended component unit. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for property and equipment are shown as increases in assets and redemptions of bonds, notes and developer advances are recorded as reductions in liabilities.

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 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, revenues are considered to be available if they are collected within 60 days of the end of the current period. The major sources of revenue subject to accrual are property taxes and specific ownership taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid. All other revenue items are considered to be measurable and available only when cash is received.

The District reports the following major governmental funds:

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

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs of the governmental funds.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Subdistrict Fund is a blended component unit and reported as a special revenue fund. It reports the activities of Subdistrict No.1 of the Coalton Metropolitan District.

When both restricted and unrestricted resources are available for use, restricted funds are used first, then unrestricted resources as they are needed.

Budgets

In accordance with the Local Government Budget Law of Colorado, the 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 level and lapses at year end. The 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.

Property Taxes

Property taxes are levied by the 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 assess the property tax obligation of 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 at the taxpayers election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. Taxes collected are remitted monthly by the county treasurer.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. There is one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

Fund balances for governmental funds may consist of five classifications based on the relative strength of spending constraints:

Nonspendable fund balance – the portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaids) or is legally or contractually required to be maintained intact.

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

Committed fund balance – the portion of fund balance constrained for specific purposes according to limitations imposed by the highest level of decision-making authorities, the board of directors, prior to the end of the current fiscal year. 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 above criteria.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted funds are considered to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, amounts to have been spent first are considered to be out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the board of directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH

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

Statement of net position:	
Cash - unrestricted	$ 184,911
Cash– restricted	5,000
Total cash	$ 189,911

Cash as of December 31, 2025 consist of the following:	
Deposits with financial institutions	$ 189,911

As of December 31, 2025, the District's cash deposits had a bank balance and carrying balance of $189,911.

NOTE 3 - CASH (CONTINUED)

Cash Deposits

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. The District does not have formal policies for deposits.

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Capital assets, not being depreciated:				
Public improvements	$ -	$ 1,021,989	$ 1,021,989	$ -
Total capital assets, not being depreciated	-	1,021,989	1,021,989	-
Capital assets, being depreciated:				
Public improvements	2,210,733	-	-	2,210,733
Total capital assets, being depreciated	2,210,733	-	-	2,210,733
Less accumulated depreciation for:				
Public improvements	(682,165)	(110,537)	-	(792,702)
Total accumulated depreciation	(682,165)	(110,537)	-	(792,702)
Total capital assets being depreciated, net	1,528,568	(110,537)	-	1,418,031
Total capital assets, net	$ 1,528,568	$ 911,452	$ 1,021,989	$ 1,418,031
		Less outstanding bonds payable		(2,166,759)
		Net investment in capital assets		$ (748,728)

NOTE 5 – LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2024	Additions	Retirements/ Adjustments	Balance at December 31, 2025	Due Within One Year
Bonded debt					
G.O. Bonds, Series 2025A	$ -	$ 3,456,904	$ 181,940	$ 3,638,844	$ -
Subordinate G.O. Bonds, Series 2025B	-	1,000,000	-	1,000,000	-
Total bonded debt	$ -	$ 4,456,904	$ 181,940	$ 4,638,844	$ -
Other long-term liabilities					
Developer advances					
Capital advances	$ 2,166,759	$ 1,111,400	$ 3,278,159	$ -	$ -
Operating advances	203,000	-	82,280	120,720	-
Subdistrict advances	74,575	20,553	-	95,128	-
Total other long-term liabilities	$ 2,444,334	$ 1,131,953	$ 3,360,439	$ 215,848	$ -
Total	$ 2,444,334	$ 5,588,857	$ 3,542,379	$ 4,854,692	$ -

The details of the District's long-term obligations are as follows:

$3,456,904 Limited Tax General Obligation Turbo Convertible Capital Appreciation Bonds Series 2025A

On February 19, 2025, the District issued Limited Tax General Obligation Turbo Convertible Capital Appreciation Bonds Series (Series 2025A) in the principal amount of $3,456,904 which shall accrete in value to a value of $4,866,000 at Conversion Date 12/01/2030. The Series 2025A Bonds were issued for the purpose of financing a portion of the costs of the Public Improvements constructed for the District. The Series 2025A Bonds will accrete daily in the value of the accretion rate borne by the Bonds of 6%, compounding semi-annually on each June 1 and December 1, until the Conversion Date of December 1, 2030. The bond has a base fixed-rate interest of 5.00% subject to the default interest rate, taxable rate increase and post-maturity default interest rate (as discussed below) or with a 30-year amortization and a December 1, 2049 maturity date. Interest is payable on June 1 and December 1.

The Series 2025 Bonds are secured by and payable solely from pledged revenue, which includes property taxes derived from the required mill levy, net of the costs of collection, specific ownership taxes, and any other legally available moneys of the District transferred to the paying agent.

Significant events of default under the Series 2025 Bonds include (i) The District fails or refuses to impose the Requirement Mill Levy or to apply the Pledged Revenue as required in the bond resolution, (ii) The District defaults in the performance or observance of any of the covenants, agreements or conditions on the part of the District in the bond resolution and fails to remedy the same after notice thereof, (iii) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation presented by the bonds.

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Immediately upon the occurrence and continuance of an event of default, the trustee has rights or remedies including (i) for the payment of interest on any installment of principal of any Bond that was not paid when due at the interest rate borne by such bond (ii) appointment of a receiver or an operating trustee (iii) for the specific performance of any covenant contained herein; (iv) to enjoin any act that may be unlawful or in violation of any right of any Owner of any Bond; (v) to require the District to act as if it were the trustee of an express trust; (vi) for any other proper legal or equitable remedy as such Owner may deem most effectual to protect their rights; or (vii) any combination of such remedies or as otherwise may be authorized by any statute or other provision of law; provided, however, that acceleration of any amount not yet due on the Bonds according to their terms shall not be an available remedy.

In addition to the application of the default interest rates, upon the occurrence and continuance of an event of default, the lender has the right to exercise any and all remedies available under the financing documents at law or in equity, including application of all amounts constituting collateral to the amounts due, in any order of priority as determined by the lender. Acceleration is not an available remedy for an event of default.

Subordinate Limited Tax General Obligation Bonds, Series 2025B

On February 19, 2025, the District also issued $1,000,000 Subordinate Limited General Obligation Bond, Series 2025B (subordinate bonds). The subordinate bonds are structured as "cash flow" bonds and have no scheduled payments of principal. Interest on the subordinate bonds is payable annually on December 15, commencing December 15, 2025 at an interest rate of 5.375%. Both interest and principal are payable solely from and only to extent of available subordinate pledged revenue which consists of the moneys derived by the District from the following sources: (i) all senior property tax revenues; (ii) all specific ownership tax revenues (iii) all capital fees; and (iv) any other legally available monies which the District) determines to transfer to the trustee for application as senior pledged revenue. The subordinate required mill levy is defined, generally, as an ad valorem mill levy imposed on all taxable property of the District each year in an amount that is sufficient to pay the senior bonds as they become due and payable and to replenish the senior reserve fund, but not in excess of 50.000 mills, less the ad valorem mill levy required to be used, paid, pledged, or otherwise applied in connection with any senior bonds. Proceeds of the subordinate bonds are to be used to: (i) finance, or reimburse the developer for public improvements related to residential development within the District; and (ii) pay the costs of issuing the subordinate bonds.

Events of default under the subordinate bonds include: (i) failure to impose the subordinate required mill levy or apply the subordinate pledged revenue; (ii) default in the performance of any covenants, agreements, or conditions; or (iii) the District files a petition under the federal bankruptcy laws seeking to adjust the debt obligation represented by the subordinate bonds.

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Immediately upon the occurrence and continuance of an event of default, the trustee has rights or remedies including (i) right to the appointment of a receiver for control of trust assets and (ii) right to file a suit for judgment, action or special proceedings as advised by trustee counsel.

The District's long-term obligation is classified as Capital Appreciation Bonds until the Conversion Date of December 1, 2030. Prior to the Conversion Date, the Bonds shall pay no current interest and shall accrete in value at the Accretion Rate, compounding semi-annually on each June 1 and December 1. Such accreted interest shall constitute appreciated principal of this Bond. Bond Accretion is as follows:

Date	Accretion	Bond Principal
6/1/2026	108,609.12	3,729,351.06
12/1/2026	111,869.34	3,841,220.40
6/1/2027	115,275.54	3,956,495.94
12/1/2027	118,681.74	4,075,177.68
6/1/2028	122,233.92	4,197,411.60
12/1/2028	125,932.08	4,323,343.68
6/1/2029	129,727.56	4,453,071.24
12/1/2029	133,571.70	4,586,642.94
6/1/2030	137,610.48	4,724,253.42
12/1/2030	141,746.58	4,866,000.00

As of December 31, 2025, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Total Authorized	Remaining at December 31, 2025
Streets	18,500,000	17,579,526
Traffic & Safety	5,000,000	5,000,000
Parks and Recreation	5,000,000	4,198,700
Water	5,000,000	3,690,489
Sanitation	5,000,000	3,574,698
Transportation	5,000,000	5,000,000
Mosquito Control	5,000,000	5,000,000
Fire Protection	5,000,000	5,000,000
Television relay and transmission	5,000,000	5,000,000
Security	5,000,000	5,000,000
Refunding debt	47,000,000	47,000,000
	110,500,000	106,043,413

NOTE 6 – FUND EQUITY

As of December 31, 2025, the classifications of fund equity are as follows:

Nonspendable fund balance

The amount of $5,043 in the General Fund and $2,431 in the Subdistrict General Fund represents prepaid expenditures for the ensuing fiscal year and is therefore not in a spendable form.

Assigned fund balance

The assigned fund balance in the General Fund in the amount of $49,839, in the Debt Service Fund in the amount of $5,000, and in the Subdistrict General Fund in the amount of $10,541 is assigned for subsequent year's expenditures.

Restricted fund balances

The amount of $4,800 in the General Fund and $4,500 in the Subdistrict General Fund are comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11).

Unassigned fund balance

The unassigned fund balance in the General Fund is $89,824, ($5,000) in the Debt Service Fund, and $6,179 in the Subdistrict General Fund.

NOTE 7 – NET POSITION (DEFICIT)

Net position consists of two components - restricted and unrestricted.

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

	Governmental Activities
Restricted net position:	
TABOR emergency reserve (Note 11)	$ 9,300
	$ 9,300

The District's unrestricted net deficit as of December 31, 2025, totaled $2,603,146. This deficit amount is primarily a result of the District being responsible for the financing and repayment of debt issued for public improvements, a significant portion of which were conveyed to another government.

NOTE 8 –AGREEMENTS

Pursuant to an Improvement Acquisition and Reimbursement Agreement dated June 15, 2017, entered into between the District and Rock Creek Development Inc. ("Rock Creek"), Rock Creek has agreed to construct Improvements for or on behalf of the District,; provided the District agrees to acquire and/or purchase the Improvements from Rock Creek and pay all reasonable costs related thereto. During 2025, there were no payments received in connection with this agreement.

Pursuant to an Improvement Acquisition and Reimbursement agreement dated April 22, 2022, entered into between the Subdistrict No. 1 of the Coalton Metropolitan District and Superior Shore Townhomes, LLC ("SST"), SST agrees to design and construct certain Improvements authorized by the Service Plan and by the Subdistrict. The Subdistrict will reimburse 100% of the actual construction costs not to exceed One Million Dollars ($1,000,000).

The District entered into a Second Amended and Restated Improvement Acquisition and Reimbursement Agreement on February 19, 2025, with the developers Rock Creek Development, Inc. (the "Rock Creek") and Superior Shore Townhomes, LLC (SST) the "Developers". Per the agreement the District agreed to reimburse the Developers costs incurred by or on behalf of the Developers.

NOTE 9– INTERGOVERNMENTAL AGREEMENTS

2022 Intergovernmental Agreement

The District entered into an Intergovernmental Agreement with Subdistrict (2022 IGA), to set forth rights and obligations of the District and Subdistrict pursuant to their respective service plans. The District and Subdistrict agreed to allocate the Debt Limit in an amount not to exceed Four Million Dollars ($4,000,000) for the District and in an amount not to exceed One Million Dollars ($1,000,000) for the Subdistrict.

The District shall have priority to impose a debt mill levy up to the Maximum Debt Mill Levy for the payment of Debt issued by the District, and that the Subdistrict shall obtain consent and approval from the District to impose a debt mill levy prior to the issuance of debt. The Subdistrict issued Subordinated limited tax general obligation bonds for One Million Dollars ($1,000,000) to meet its obligations as required under the 2022 IGA, the proceeds of which were transferred to SST, and SST has agreed to accept the Bonds as reimbursement of amounts due under the Acquisition and Reimbursement Agreement.

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District and Subdistrict may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (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 at a cost that is considered economically appropriate. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 10 – RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property, public officials liability and workers compensation coverage for both the District and the Subdistrict. 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 11 – TAX, SPENDING AND DEBT LIMITATION

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 that apply to the State of Colorado and all local governments, 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.

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

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve any and all revenues annually from any revenue sources other than ad valorem taxes of the District with regard to any limitations under TABOR. On November 6, 2018, a majority of the Subdistrict's electors authorized the Subdistrict to collect and spend or retain in a reserve any and all revenues annually from any revenue sources other than ad valorem taxes of the Subdistrict with regard to any limitations under TABOR.

The management of both the District and the Subdistrict believe they are in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 24, 2026, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

COALTON METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2025

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Bond interest	-	181,940	181,940	-
Capital outlay	-	1,021,989	1,021,989	-
Cost of issuance	-	182,764	182,764	-
Developer advance repayment - capital interest	-	1,056,406	1,056,406	-
Developer advance repayment - capital principal	-	3,278,159	3,278,159	-
Developer advance repayment - operating interest	-	40,058	40,058	-
Developer advance repayment - operating principal	-	82,280	82,280	-
Trustee / paying agent fees	-	5,000	5,000	-
Total expenditures	-	5,848,596	5,848,596	-
EXCESS OF EXPENDITURES OVER REVENUES	-	(5,848,596)	(5,848,596)	-
OTHER FINANCING SOURCES				
Bond proceeds	-	4,456,904	4,456,904	-
Bond accretion		181,940	181,940	
Developer advance	-	1,111,400	1,111,400	-
Transfer from general fund	-	98,352	98,352	-
Total other financing sources	-	5,848,596	5,848,596	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

COALTON METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
SUBDISTRICT GENERAL FUND
Year Ended December 31, 2025

	Budget Amounts Original & Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$ 70,768	$ 70,834	$ 66
Specific ownership taxes	3,538	3,182	(356)
O & M Fee	37,568	30,410	(7,158)
Utility Billing	33,310	42,098	8,788
Total revenues	145,184	146,524	1,340
EXPENDITURES			
Accounting	12,745	14,068	(1,323)
County treasurer fees	1,062	1,062	-
Director fees	2,200	1,700	500
District management	8,500	9,782	(1,282)
Elections	5,000	-	5,000
Fee billings	8,000	6,012	1,988
Insurance	4,000	2,380	1,620
Landscape maintenance	35,000	1,244	33,756
Legal	10,000	3,641	6,359
Locates	500	-	500
Manicured landscaping	30,000	31,745	(1,745)
Miscellaneous	2,000	3,762	(1,762)
Payroll Expenses	-	257	(257)
Repairs and replacements	2,000	3,345	(1,345)
Snow removal	-	24,612	(24,612)
Utilities - district and townhomes	36,510	44,399	(7,889)
Website	-	395	(395)
Emergency reserve - 3%	2,500	-	2,500
Total expenditures	160,017	148,404	11,613
EXCESS OF REVENUES OVER EXPENDITURES	(14,833)	(1,880)	12,953
OTHER FINANCING SOURCES			
Developer advance	26,366	20,553	(5,813)
Total other financing sources	26,366	20,553	(5,813)
NET CHANGE IN FUND BALANCE	11,533	18,673	7,140
FUND BALANCE - BEGINNING OF YEAR	13,662	4,978	(8,684)
FUND BALANCE (DEFICIT) - END OF YEAR	$ 25,195	$ 23,651	$ (1,544)

OTHER INFORMATION

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

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percentage Collected to Levied
2019	$ 396,807	50.000	$ 19,840	$ 19,840	100.00%
2020	$ 569,332	50.000	$ 28,467	$ 28,467	100.00%
2021	$ 582,136	50.000	$ 29,107	$ 29,107	100.00%
2022	$ 1,761,107	50.000	$ 88,055	$ 88,055	100.00%
2023	$ 1,271,514	50.000	$ 63,576	$ 63,576	100.00%
2024	$ 2,769,420	50.000	$ 138,471	$ 138,471	100.00%
2025	$ 4,072,350	49.000	$ 199,545	$ 199,545	100.00%
Estimated for the year ending December 31, 2026	$ 4,605,451	49.000	$ 225,667		

NOTE:
Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.

SUBDISTRICT NO. 1 OF THE COALTON METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percentage Collected to Levied
2022	$ 1,204,493	19.000	$ 22,885	$ 22,885	100.00%
2023	$ 717,269	19.000	$ 13,628	$ 13,628	100.00%
2024	$ 2,233,408	19.000	$ 42,435	$ 43,707	103.00%
2025	$ 3,538,386	20.000	$ 70,768	$ 70,834	100.00%
Estimated for the year ending December 31, 2026	$ 3,989,757	20.000	$ 79,795		

NOTE:
Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.