

TRAILSIDE METROPOLITAN DISTRICT NO. 4
Larimer County, Colorado

Financial Statements and
Independent Auditors' Report

December 31, 2025



Haynie

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Trailside Metropolitan District No. 4
Larimer County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Trailside Metropolitan District No. 4 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 the major funds of Trailside Metropolitan District No. 4, as of December 31, 2025, and 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 our report. We are required to be independent of Trailside Metropolitan District No. 4 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 Trailside Metropolitan District No. 4'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 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Trailside Metropolitan District No. 4'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 Trailside Metropolitan District No. 4's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is 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 Trailside Metropolitan District No. 4's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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.

A handwritten signature in cursive script, appearing to read "Haynie".

Littleton, Colorado
July 17, 2026

Basic Financial Statements

TRAILSIDE METROPOLITAN DISTRICT NO. 4

Statement of Net Position

December 31, 2025

Assets	Governmental Activities
Cash and investments - restricted	\$ 475,167
Due from County	1,330
Property tax receivable	349,401
Service fees receivable	<u>809</u>
Total Assets	<u>826,707</u>
Deferred Outflows of Resources	
Cost of refunding	<u>40,486</u>
Total Deferred Outflows of Resources	<u>40,486</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 867,193</u></u>
Liabilities	
Current Liabilities	
Bonds payable, due within one year	<u>\$ 235,000</u>
Total Current Liabilities	<u>235,000</u>
Non-current liabilities:	
Bond interest payable	72,706
Bonds payable, net	<u>24,359,959</u>
Total non-current liabilities	<u>24,432,665</u>
Deferred Inflows of Resources	
Deferred property tax revenue	<u>349,401</u>
Total Deferred Inflows of Resources	<u>349,401</u>
Net Position	
Restricted for:	
Debt service	477,306
Unrestricted	<u>(24,627,179)</u>
Total Net Position	<u>(24,149,873)</u>
Total Liabilities, Deferred Inflows and Net Position	<u><u>\$ 867,193</u></u>

The accompanying notes are an integral part of these financial statements.

TRAILSIDE METROPOLITAN DISTRICT NO. 4

Statement of Activities For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and other fees	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ -	\$ 691,444	\$ -	\$ -	\$ 691,444
Interest and related costs on long term debt	759,860	-	-	-	(759,860)
Intergovernmental expenditures	<u>67,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,561)</u>
	<u>\$ 827,421</u>	<u>\$ 691,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,977)</u>
General Revenues					
Property taxes					323,700
Specific ownership taxes					18,640
Net investment income					<u>31,302</u>
Total general revenues					<u>373,642</u>
Change in net position					237,665
Net position - beginning of year					<u>(24,387,538)</u>
Net position - end of year					<u>\$ (24,149,873)</u>

The accompanying notes are an integral part of these financial statements.

TRAILSIDE METROPOLITAN DISTRICT NO. 4
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments - restricted	\$ -	\$ 475,167	\$ -	\$ 475,167
Due from County	-	1,330	-	1,330
Property tax receivable	69,879	279,522	-	349,401
Service fees receivable	-	809	-	809
Total assets	<u>69,879</u>	<u>756,828</u>	<u>-</u>	<u>826,707</u>
Liabilities				
Deferred property tax revenue	<u>69,879</u>	<u>279,522</u>	<u>-</u>	<u>349,401</u>
Total liabilities	69,879	279,522	-	349,401
Fund Balances				
Restricted - debt service	<u>-</u>	<u>477,306</u>	<u>-</u>	<u>477,306</u>
Total fund balances	<u>-</u>	<u>477,306</u>	<u>-</u>	<u>477,306</u>
Total Liabilities and Fund Balances	<u>\$ 69,879</u>	<u>\$ 756,828</u>	<u>\$ -</u>	<u>\$ 826,707</u>

Total governmental fund balance per above \$ 477,306

Amounts reported for governmental activities in the statement of net position
excluded from the governmental fund balance because:

Other long-term assets are not available to pay for current expenditures and
therefore, are deferred in the funds.

Cost of refunding 40,486

Long term liabilities not payable in the current year are excluded as liabilities
in the governmental funds. Interest on long-term debt is recognized as an
expenditure in governmental funds when due. These liabilities consist of:

Bonds payable, net (24,594,959)

Accrued interest on bonds (72,706)

Net position of governmental activities \$ (24,149,873)

The accompanying notes are an integral part of these financial statements.

TRAILSIDE METROPOLITAN DISTRICT NO. 4
Governmental Fund Revenues, Expenditures, Changes in Fund
Balances and Reconciliation to Statement of Activities
For the Year Ended December 31, 2025

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Property taxes	\$ 64,739	\$ 258,961	\$ -	\$ 323,700
Specific ownership	3,728	14,912	-	18,640
Service Fees District 2	-	401,974	-	401,974
Service Fees District 3	-	289,435	-	289,435
Service Fees District 5	-	35	-	35
Interest income	70	31,232	-	31,302
Total Revenues	<u>68,537</u>	<u>996,549</u>	<u>-</u>	<u>1,065,086</u>
Expenditures				
County treasurer's fee	1,296	5,185	-	6,481
Debt service				
Bond principal	-	225,000	-	225,000
Bond interest	-	763,175	-	763,175
Admin Fee	-	7,000	-	7,000
Intergovernmental expenditures	67,561	-	-	67,561
Total Expenditures	<u>68,857</u>	<u>1,000,360</u>	<u>-</u>	<u>1,069,217</u>
Excess Revenues Over (Under)				
Expenditures	(320)	(3,811)	-	(4,131)
Net Change in Fund Balances	(320)	(3,811)	-	(4,131)
Fund balances				
Beginning of the year	<u>320</u>	<u>481,117</u>	<u>-</u>	<u>481,437</u>
End of the year	<u>\$ -</u>	<u>\$ 477,306</u>	<u>\$ -</u>	<u>\$ 477,306</u>

Net change in fund balances - Governmental Funds (4,131)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond principal payments 225,000

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

Accrued interest - change in liability 9,388

Amortization of bond premium 9,248

Amortization of cost of refunding (1,840)

Change in Net Position of Governmental Activities \$ 237,665

The accompanying notes are an integral part of these financial statements.

TRAILSIDE METROPOLITAN DISTRICT NO. 4

Statement of Revenue, Expenditures and Changes in Fund Balance—Actual and Budget Governmental Fund Type—General Fund For the Year Ended December 31, 2025

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 64,739	\$ 64,739	\$ -
Specific ownership taxes	2,590	3,728	1,138
Interest and other	5,000	70	(4,930)
Total Revenues	<u>72,329</u>	<u>68,537</u>	<u>(3,792)</u>
Expenditures			
Treasurer's fees	1,295	1,296	(1)
Payment for services to No. 1	66,034	67,561	(1,527)
Contingency	5,000	-	5,000
Total Expenditures	<u>72,329</u>	<u>68,857</u>	<u>3,472</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>(320)</u>	<u>(320)</u>
Fund Balance—Beginning of year	<u>-</u>	<u>320</u>	<u>320</u>
Fund Balance—End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

TRAILSIDE METROPOLITAN DISTRICT NO. 4
Notes to Financial Statements
December 31, 2025

1. Definition of Reporting Entity

Trailside Metropolitan District No. 4's (the District) (formerly known as Rendezvous Metropolitan District No. 4), was organized pursuant to an Order and Decree issued by the Larimer County District Court on April 17, 2018, and recorded in the Larimer County real property records on June 15, 2018. Formation of the District was preceded by the approval thereof by the Town Council of Timnath, Colorado of a Consolidated Service Plan for Trailside Metropolitan District Nos. 1-5 (formerly known as Rendezvous Metropolitan District Nos. 1-5) and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Timnath on March 27, 2018. In 2019, the names of the Districts were changed to Trailside Metropolitan District Nos. 1-5. The District's service area is located entirely within the Town in Larimer County, Colorado. The District was organized to provide planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the public improvements needed for the project.

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

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

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.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

The statement of activities demonstrates the degree to which the direct 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 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 government 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

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 fund.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 presented on the modified accrual 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. Investments are carried at fair value.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

Fund Equity

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:

- *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.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 7).

The restricted fund balance in the Debt Service Fund is to be used exclusively for future payment of bond principal, interest and related costs.

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—Restricted	<u>\$ 475,167</u>
	<u>\$ 475,167</u>

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

Deposits with financial institutions	<u>\$ 475,167</u>
Total cash and investments	<u>\$ 475,167</u>

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 equal to 102% of the aggregate uninsured deposits.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

3. Cash and Investments (continued)

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.

As of December 31, 2025, the District's cash deposits had a carrying balance and bank balance of \$475,167, of which \$250,000 was FDIC insured and the remainder is collateralized by PDPA.

4. Long-Term Liabilities

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

	<u>Balance</u> <u>12/31/24</u>	<u>Additions</u>	<u>Payments/</u> <u>Deletions</u>	<u>Balance</u> <u>12/31/25</u>	<u>Due within</u> <u>One Year</u>
Senior General Obligation Bonds, Series 2024A	\$ 16,135,000	\$ -	\$ 225,000	\$ 15,910,000	\$ 235,000
Subordinate General Obligation Bonds, Series 2024B	6,498,000	-	-	6,498,000	-
Junior General Obligation Bonds, Series 2024C	1,965,000	-	-	1,965,000	-
Bond Premium - 2024	231,207	-	9,248	221,959	-
Deferred loss on refunding	(42,326)	-	(1,840)	(40,486)	-
	<u>\$ 24,786,881</u>	<u>\$ -</u>	<u>\$ 232,408</u>	<u>\$ 24,554,473</u>	<u>\$ 235,000</u>

\$16,135,000 Limited Tax General Obligation Refunding and Improvement Bonds, Series 2024A (Senior Bonds)

On October 1, 2024, the District issued \$16,135,000 in Limited Tax General Obligation Refunding and Improvement Bonds, Series 2024A. The bonds mature between December 1, 2025 and December 1, 2056, with interest rates ranging from 4.00% to 5.00% per annum, calculated on a 360-day year of twelve 30-day months, payable semi-annually on June 1 and December 1.

The 2024A Senior Bonds are subject to redemption, prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on or after September 1, 2029, upon payment of par plus accrued interest and a declining redemption premium (3% in 2029–2030, 2% in 2030–2031, 1% in 2031–2032, and 0% thereafter).

The 2024A Senior Bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 1 of each year beginning in 2035 for certain term bonds, upon payment of par and accrued interest, without redemption premium.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

4. Long-Term Liabilities (continued)

An event of default under the Senior Indenture occurs if the District fails to impose or apply the Senior Required Mill Levy or the Senior Pledged Revenue as required. It also includes any breach of covenants or agreements in the Indenture or Bond Resolution that is not remedied after notice and a cure period, as well as the filing of bankruptcy or similar proceedings by the District. In the event of default, the Trustee may pursue equitable remedies such as seeking the appointment of a receiver, initiating legal action to enforce obligations, or mandamus proceedings. However, the Bonds cannot be accelerated, meaning the full principal cannot be demanded immediately upon default. Bondholders representing at least 25% in aggregate principal amount may direct the Trustee's actions, provided they offer indemnity. For non-tax related defaults, the District is given a 30-day period to cure the issue after receiving notice.

\$6,498,000 Subordinate Limited Tax General Obligation Bonds, Series 2024B

On October 1, 2024, the District issued \$6,498,000 in Subordinate Limited Tax General Obligation Bonds, Series 2024B. The bonds mature on December 15, 2051, and bear interest at a fixed rate of 7.00% per annum, calculated on a 360-day year of twelve 30-day months, payable annually on December 15.

The 2024B Subordinate Bonds are subject to optional redemption by the District on or after September 1, 2029, in whole or in part, at a redemption price equal to par plus accrued interest and a declining redemption premium (3% in 2029–2030, 2% in 2030–2031, 1% in 2031–2032, and 0% thereafter).

The bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 15 of each year beginning in 2024, based on available pledged revenues, at par plus accrued interest, without redemption premium.

Under the Subordinate Indenture, an event of default is defined similarly to the Senior Bonds. It includes the District's failure to impose or apply the Subordinate Required Mill Levy or Subordinate Pledged Revenue, any uncured breach of covenants or agreements, and the filing of bankruptcy. Remedies available to the Trustee include seeking a court-appointed receiver, initiating legal proceedings, or mandamus to enforce compliance. Like the Senior Bonds, the Subordinate Bonds cannot be accelerated. Bondholders holding at least 25% of the outstanding principal may direct the Trustee's actions, subject to indemnification. For defaults not related to tax levies, the District has a 30-day cure period, which may be extended if the District is diligently working to resolve the issue.

\$1,965,000 Junior Lien Limited Tax General Obligation Bonds, Series 2024C

On October 1, 2024, the District issued \$1,965,000 in Junior Lien Limited Tax General Obligation Bonds, Series 2024C. The bonds mature on December 15, 2058, and bear interest at a fixed rate of 6.50% per annum, calculated on a 360-day year of twelve 30-day months, payable annually on December 15.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

4. Long-Term Liabilities (continued)

The 2024C Junior Lien Bonds are subject to optional redemption by the District at any time, in whole or in part, at a redemption price equal to par plus accrued interest, with no redemption premium.

The bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 15 of each year beginning in 2024, based on available pledged revenues, at par plus accrued interest, without redemption premium.

The Junior Lien Indenture defines an event of default as the District's failure to impose or apply the Junior Lien Required Mill Levy or Junior Lien Pledged Revenue, any uncured breach of the Indenture or Bond Resolution, or the filing of bankruptcy. Remedies available to the Trustee include the appointment of a receiver, legal action, or mandamus. As with the other series, acceleration of the Bonds is not permitted. Bondholders representing at least 25% of the outstanding principal may direct the Trustee's actions, provided they offer indemnity. For non-tax related defaults, the District is allowed a 30-day cure period, which may be extended if the District is actively pursuing a remedy.

Below is a summary of the future maturities of the Series 2024A Bonds:

	Principal	Interest	Total
2026	\$ 235,000	\$ 704,675	\$ 939,675
2027	250,000	692,925	942,925
2028	260,000	680,425	940,425
2029	275,000	667,425	942,425
2030	290,000	653,675	943,675
2031-2035	1,680,000	3,035,875	4,715,875
2036-2040	2,130,000	2,573,375	4,703,375
2041-2045	2,650,000	2,062,875	4,712,875
2046-2050	3,240,000	1,466,039	4,706,039
2051-2055	3,995,000	715,488	4,710,488
2056	905,000	38,463	943,463
Total	<u>\$15,910,000</u>	<u>\$13,291,240</u>	<u>\$29,201,240</u>

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

4. Long-Term Liabilities (continued)

Below is a summary of the estimated future maturities of the Series 2024B Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 126,039	\$ 126,039
2027	-	190,262	190,262
2028	-	326,632	326,632
2029	-	325,027	325,027
2030	-	397,815	397,815
2031-2035	-	2,475,490	2,475,490
2036-2040	-	3,640,949	3,640,949
2041-2045	483,000	4,379,142	4,862,142
2046-2050	4,901,000	1,508,080	6,409,080
2051	1,114,000	77,980	1,191,980
Total	<u>\$ 6,498,000</u>	<u>\$13,447,416</u>	<u>\$19,945,416</u>

5. Net Position

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

Restricted net position:

Debt service (see Note 4)	\$ <u>477,306</u>
Total restricted net position	\$ 477,306

Unrestricted net position is in a deficit position of (\$24,627,179), due primarily to the District being responsible for debt used for the purchase of assets not held and maintained by the District. This will be eliminated in future years through the collection of property taxes.

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

6. 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 (Pool) as of December 31, 2025. 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.

7. Tax, Spending and Debt Limitations

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The District's TABOR reserves are held in Trailside Metropolitan District No. 1.

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

Trailside Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2025

8. Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. District management believes that all potential conflicts, if any, have been properly disclosed.

Supplementary Information

TRAILSIDE METROPOLITAN DISTRICT NO. 4

Statement of Revenue, Expenditures and Changes in Fund Balance—Actual and Budget Governmental Fund Type—Debt Service Fund For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 258,961	\$ 258,961	\$ -
Specific Ownership	10,358	14,912	4,554
Service Fees - District No. 2	309,713	401,974	92,261
Service Fees - District No. 3	367,683	289,435	(78,248)
Service Fees - District No. 5	33	35	2
Interest income	20,000	31,232	11,232
Total Revenues	966,748	996,549	29,801
Expenditures			
Bond principal	225,000	225,000	-
Bond interest			
Series 2024A	715,925	714,093	1,832
Series 2024B	44,240	49,082	(4,842)
Trustee Fees	7,000	7,000	-
Treasurer's Fees	5,179	5,185	(6)
Contingency	20,000	-	20,000
Total Expenditures	1,017,344	1,000,360	16,984
Excess Revenue Over (Under)			
Expenditures	(50,596)	(3,811)	46,785
Fund Balance—Beginning of year	593,250	481,117	481,117
Fund Balance—End of Year	\$ 542,654	\$ 477,306	\$ 527,902

TRAILSIDE METROPOLITAN DISTRICT NO. 4

Statement of Revenue, Expenditures and Changes in Fund Balance—Actual and Budget Governmental Fund Type—Capital Projects Fund For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
Transfer to District 1 Capital Fund	-	-	-
Total expenditures	-	-	-
Excess Revenue Over (Under)			
Expenditures	-	-	-
Fund Balance—Beginning of year	-	-	-
Fund Balance—End of Year	\$ -	\$ -	\$ -

TRAILSIDE METROPOLITAN DISTRICT NO. 4
Schedule of Debt Service Requirements to Maturity
As of December 31, 2025

Year Ended December 31,	\$16,135,000 Limited Tax General Obligation Refunding and Improvement Bonds Series 2024A Interest Rates: 4.000% to 5.000% Principal Due December 1 Interest Payable June 1 and December 1			\$6,498,000 Subordinate Limited Tax General Obligation Bonds Series 2024B Interest Rate 7.000% Forecasted Principal and Interest Payments Payable each December 15		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 235,000	\$ 704,675	\$ 939,675	\$ -	\$ 126,039	\$ 126,039
2027	250,000	692,925	942,925	-	190,262	190,262
2028	260,000	680,425	940,425	-	326,632	326,632
2029	275,000	667,425	942,425	-	325,027	325,027
2030	290,000	653,675	943,675	-	397,815	397,815
2031	305,000	639,175	944,175	-	397,730	397,730
2032	320,000	623,925	943,925	-	476,462	476,462
2033	335,000	607,925	942,925	-	477,840	477,840
2034	350,000	591,175	941,175	-	562,780	562,780
2035	370,000	573,675	943,675	-	560,678	560,678
2036	385,000	555,175	940,175	-	652,329	652,329
2037	405,000	535,925	940,925	-	651,997	651,997
2038	425,000	515,675	940,675	-	745,657	745,657
2039	445,000	494,425	939,425	-	747,349	747,349
2040	470,000	472,175	942,175	-	843,617	843,617
2041	490,000	453,375	943,375	-	842,847	842,847
2042	510,000	433,775	943,775	-	947,374	947,374
2043	530,000	413,375	943,375	-	948,228	948,228
2044	550,000	392,175	942,175	-	1,060,612	1,060,612
2045	570,000	370,175	940,175	483,000	580,081	1,063,081
2046	595,000	345,950	940,950	759,000	421,050	1,180,050
2047	620,000	320,663	940,663	813,000	367,920	1,180,920
2048	645,000	294,313	939,313	996,000	311,010	1,307,010
2049	675,000	266,900	941,900	1,064,000	241,290	1,305,290
2050	705,000	238,213	943,213	1,269,000	166,810	1,435,810
2051	735,000	208,250	943,250	1,114,000	77,980	1,191,980
2052	765,000	177,013	942,013	-	-	-
2053	800,000	144,500	944,500	-	-	-
2054	830,000	110,500	940,500	-	-	-
2055	865,000	75,225	940,225	-	-	-
2056	905,000	38,463	943,463	-	-	-
	<u>\$ 15,910,000</u>	<u>\$ 13,291,240</u>	<u>\$ 29,201,240</u>	<u>\$ 6,498,000</u>	<u>\$ 13,447,416</u>	<u>\$ 19,945,416</u>

TRAILSIDE METROPOLITAN DISTRICT NO. 4

Summary of Assessed Valuation, Mill Levy and Property Taxes Collected For the Year Ended December 31, 2025

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property	Mills Levied		Total Property Taxes		Percentage Collected
	<u>Tax Levy</u>	<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2022	\$ 191,458	10.000	40.000	\$ 9,573	\$ 9,573	100.00%
2023	\$ 585,496	10.254	41.017	\$ 30,019	\$ 30,020	100.00%
2024	\$ 5,356,459	11.021	44.084	\$ 295,168	\$ 295,129	99.99%
2025	\$ 5,681,836	11.394	45.577	\$ 323,700	\$ 323,700	100.00%
Estimated for the year ending December 31, 2026	\$ 6,097,100	11.461	45.845	\$ 349,401		