CREEKSIDE SOUTH ESTATES METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

CONTENTS

	Page
Independent Auditor's Report	I
Basic Financial Statements	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Fund	16
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Capital Projects Fund	17

FLYNN CPA, LLC
Bill@flynn-cpa.com
(303) 970-9698

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Creekside South Estates Metropolitan District

Adams County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Creekside South Estates Metropolitan District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The Supplemental Information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.



Castle Pines, Colorado
August 12, 2026

Creekside South Estates Metropolitan District

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

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	$ 25,925	$ -	$ -	$ 25,925	$ -	$ 25,925
Cash and investments - restricted	5,578	101,891	-	107,469	-	107,469
Taxes due from County	827	2,054	-	2,881	-	2,881
Loan Receivable	-	72,876	77,124	150,000	-	150,000
Prepaid expenses	1,145	-	-	1,145	-	1,145
Property taxes receivable	90,232	133,167	-	223,399	-	223,399
Capital assets, net of accumulated depreciation	-	-	-	-	556,018	556,018
Total Assets	$ 123,707	$ 309,988	$ 77,124	$ 510,819	$ 556,018	$ 1,066,837
LIABILITIES						
Accounts payable	$ 52,561	$ -	$ -	$ 52,561	-	52,561
Accrued interest on bonds	-	-	-	-	3,779	3,779
Long-term liabilities:						
Due in more than one year	-	-	-	-	805,384	805,384
Total Liabilities	52,561	-	-	52,561	809,163	861,724
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	90,232	133,167	-	223,399	-	223,399
Total Deferred Inflows of Resources	90,232	133,167	-	223,399	-	223,399
FUND BALANCES/NET POSITION						
Fund balances:						
Nonspendable:						
Prepaids	1,145	-	-	1,145	(1,145)	-
Restricted:						
Emergencies	5,578	-	-	5,578	(5,578)	-
Debt service	-	176,821	-	176,821	(176,821)	-
Capital	-	-	77,124	77,124	(77,124)	-
Unassigned	(25,809)	-	-	(25,809)	25,809	-
Total Fund Balances	(19,086)	176,821	77,124	234,859	(234,859)	-
Total Liabilities and Fund Balances	$ 123,707	$ 309,988	$ 77,124	$ 510,819		
Net Position:						
Restricted for:						
Emergencies					5,578	5,578
Debt service					173,042	173,042
Capital projects					77,124	77,124
Unrestricted					(274,030)	(274,030)
Total Net Position (Deficit)					$ (18,286)	$ (18,286)

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

Creekside South Estates Metropolitan District

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

	General	Debt Service	Capital Project	Total	Adjustments	Statement of Activities
EXPENDITURES						
Operating:						
Accounting	$ 11,040	$ -	$ -	$ 11,040	$ -	$ 11,040
Audit	6,000	-	-	6,000	-	6,000
Insurance	4,432	-	-	4,432	-	4,432
Legal	51,507	-	-	51,507	-	51,507
Election	1,532	-	-	1,532	-	1,532
District management	60,138	-	-	60,138	-	60,138
Covenanat Control and Enforcement	9,271	-	-	9,271	-	9,271
Trash Removal	15,111	-	-	15,111	-	15,111
Utilites	16,308	-	-	16,308	-	16,308
Water Operator Contract	30,000	-	-	30,000	-	30,000
Water Testing Treatment	50,929	-	-	50,929	-	50,929
Well Maintenance	4,269	-	-	4,269	-	4,269
Miscellaneous	1,044	-	-	1,044		1,044
Treasurer fees	1,023	2,542	-	3,565	-	3,565
Loan principal	-	34,000	-	34,000	(34,000)	-
Loan interest	-	28,179	-	28,179	1,665	29,844
Capital outlay	-	-	279,848	279,848	(279,848)	-
Total Expenditures	262,604	64,721	279,848	607,173	(312,183)	294,990
GENERAL REVENUES						
Property taxes	68,126	169,226	-	237,352	-	237,352
Specific ownership taxes	3,405	8,459	-	11,864	-	11,864
PDC Royalty	1,552	-	-	1,552	-	1,552
Miscellaneous income	34,389	-	-	34,389	-	34,389
Interest income	3,302	250	-	3,552	-	3,552
Total General Revenues	110,774	177,935	-	288,709	-	288,709
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(151,830)	113,214	(279,848)	(318,464)	312,183	(6,281)
OTHER FINANCING SOURCES (USES)						
Loan proceeds	-	-	396,223	396,223	(396,223)	-
Total Other Financing Sources (Uses)	-	-	396,223	396,223	(396,223)	-
NET CHANGES IN FUND BALANCES	(151,830)	113,214	116,375	77,759	(77,759)	
CHANGES IN NET POSITION					(6,281)	(6,281)
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR	132,744	63,607	(39,251)	157,100	(169,105)	(12,005)
END OF YEAR	$ (19,086)	$ 176,821	$ 77,124	$ 234,859	$ (253,145)	$ (18,286)

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

Creekside South Estates Metropolitan District

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

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 68,127	$ 68,126	$ (1)
Specific ownership taxes	4,633	3,405	(1,228)
PDC Royalty	4,500	1,552	(2,948)
Miscellaneous income	4,700	34,389	29,689
Interest income	1,000	3,302	2,302
Total Revenues	82,960	110,774	27,814
EXPENDITURES			
Accounting	9,500	11,040	(1,540)
Audit	6,500	6,000	500
Insurance	5,000	4,432	568
Engineering	4,500	-	4,500
Legal	35,000	51,507	(16,507)
Election	10,000	1,532	8,468
District management	35,000	60,138	(25,138)
Covenanat Control and Enforcement	10,815	9,271	1,544
Treasurer fees	1,024	1,023	1
Trash Removal	14,007	15,111	(1,104)
Utilites	13,000	16,308	(3,308)
Water Operator Contract	30,618	30,000	618
Water Testing Treatment	25,000	50,929	(25,929)
Well Maintenance	25,000	4,269	20,731
Miscellaneous	3,000	1,044	1,956
Well maintenance reserve	55,497	-	55,497
Contingency	10,000	-	10,000
Emergency Reserve	6,839	-	6,839
Total Expenditures	300,300	262,604	37,696
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(217,340)	(151,830)	65,510
NET CHANGE IN FUND BALANCE	(217,340)	(151,830)	65,510
FUND BALANCE:			
BEGINNING OF YEAR	217,340	132,744	(84,596)
END OF YEAR	$ -	$ (19,086)	$ (19,086)

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of Creekside South Estates Metropolitan District ("the District"), located in the County of Adams, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for County of Adams ("County") on November 27, 2018 as amended, 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 County. The District's Service Plan approved by the City on September 11, 2018 (Service Plan) authorizes the District to finance and construct certain public infrastructure that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

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

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

Basis of Presentation

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

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

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District’s financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District’s cash and short-term investments with maturities of three months or less from the date of acquisition are considered to be cash on hand. Investments for the government are reported at fair value.

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 minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund’s average equity balance in the total cash.

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property Taxes

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

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

Long-Term Obligations

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

Fund Equity

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

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact. The nonspendable fund balance in the General Fund represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $5,578 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $176,821 is restricted for the payment of the debt service costs associated with the Loan (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of $77,124 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

DEFICIT

The General Fund is reporting a deficit in the fund balance as of December 31, 2025, the District is examining ways to eliminate this deficit in the future.

Net Position

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

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

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. The District does not have any investment in capital assets to report at December 31, 2025.

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

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

Adoption of New Accounting Standards

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

Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	$ 25,925
Cash and investments - restricted	107,469
Total	$ 133,394

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

Deposits with financial institutions	$ 113,145
Investments – COLOTRUST	20,249
Total	$ 133,394

Deposits

Custodial Credit Risk

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

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District has elected to follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

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

Investment Valuation

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

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

COLOTRUST

As of December 31, 2025, the District invested in the Colorado Local Governmental Liquid Asset Trust ("COLOTRUST"), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value ("NAV") of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAm by Standard & Poor's. At December 31, 2025, the District had $20,249 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

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

Governmental Type Activities:	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated:				
Construction in progress	$ 276,170	$ 279,848	$ -	$ 556,018
Total capital assets not being depreciated:	276,170	279,848	-	556,018
Government type assets, net	$ 276,170	$ 279,848	$ -	$ 556,018

Note 4: Long-Term Debt

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

	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Current Portion
Loans and other					
Series 2024 Loan	$ 443,161	$ 396,223	$ 34,000	$ 805,384	$ -
Total	$ 443,161	$ 396,223	$ 34,000	$ 805,384	$ -

$2,500,00 Limited Tax (Convertible to Unlimited Tax) General Obligation Loan, Series 2024

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Loan, Series 2024 (the Loan) on May 23, 2024, in the amount up to $2,500,000 for the purpose of paying costs in connection with financing, acquisition, construction, and installation of public improvements. The Loan will initially bear interest at the rate of 5.630% per annum until the Interest Reset Date when the full amount of funds are drawn. Interest is payable annually on December 1, beginning on December 1, 2024. The Loan matures on December 1, 2044 and are subject to mandatory redemption to the extent of available Pledged Revenue. Unpaid interest on the Loan compounds annually on each December 1.

The Loan is secured by and payable from moneys derived from Pledged Revenue defined as

(a) All Property Tax Revenues

(b) All Specific Ownership Tax Revenues; and

(c) All amounts held I the funds and accounts held by the Bank hereunder pledged to secure the Loan

Required Mill Levy

Pursuant to the Agreement, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year not in excess of 72.50 mills prior to the conversion date and 99.00 mill subsequent to the conversion date once the Debt to Assessed Ratio is 50% or less.

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the Agreement (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default under the Agreement except as provided in the Agreement and as described in this subsection.

(a) The District fails to pay interest on the Loan when due at the applicable rate;
(b) The District fails to pay principal on the Loan when due;
(c) The District fails to pay any amounts other than the amounts due under (a) and (b);
(d) The District fails or refuses to impose the Required Mill Levy or fails to apply the Pledged Revenue as required;
(e) The District fails to appropriate moneys sufficient to pay all amounts when due;
(f) The District fails to observe or perform any other of the covenants, agreements, or conditions in the Agreement;
(g) Any representation or warranty made by the District proves to be untrue;
(h) The District fails to vacate, bond, stay, contest, pay, or satisfy any judgment or court order by more than $100,000 after 60 days;
(i) default in the payment of principal of or interest when due on any financial obligation of the District other than the Loan and continuance of such default beyond any grace period;

Debt Authorization

The limit on the District's ability to issue Debt, exclusive of refundings, is set forth in its Service Plan as $2,500,000 (the "Service Plan Debt Issuance Limit"). The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it was not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power. With that understanding, as of December 31, 2025, the District had remaining voted debt authorization in the amount of $2,500,000 for Water, $2,500,000 for Sanitation/Storm Sewer, $2,500,000 for Operations and Maintenance, $5,000,000 for Refunding, and $2,500,000 for District Intergovernmental Agreement. However, in no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit.

Note 5: Tax, Spending and Debt Limitations

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

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

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

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

Section 29-1-1702, C.R.S., places a growth limit of 5.25% on certain property tax revenue collected by a local governmental entity, like the District, commencing in property tax year 2025, unless such local governmental entity receives voter approval to waive such limitation.

Note 6: Risk Management

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

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

Note 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
2) deferred cost on refunding is not financial resources and, therefore are not reported in the funds; and,
3) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

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

1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and
3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

Creekside South Estates Metropolitan District

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

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 169,227	$ 169,226	$ (1)
Specific ownership taxes	13,538	8,459	(5,079)
Interest income	-	250	250
Total Revenues	182,765	177,935	(4,830)
EXPENDITURES			
Loan principal	34,000	34,000	-
Loan interest	140,690	28,179	112,511
Paying agent fees	4,000	-	4,000
Treasurer fees	2,540	2,542	(2)
Total Expenditures	181,230	64,721	116,509
NET CHANGE IN FUND BALANCE	1,535	113,214	111,679
FUND BALANCE:			
BEGINNING OF YEAR	-	63,607	63,607
END OF YEAR	$ 1,535	$ 176,821	$ 175,286

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

Creekside South Estates Metropolitan District

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

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	$ -	$ -	$ -
Total Revenues	-	-	-
EXPENDITURES			
Engineering	1,500,000	-	1,500,000
Capital outlay	-	279,848	(279,848)
Total Expenditures	1,500,000	279,848	1,220,152
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,500,000)	(279,848)	1,220,152
OTHER FINANCING SOURCES (USES)			
Loan proceeds	1,500,000	396,223	(1,103,777)
Total Other Financing Sources (Uses)	1,500,000	396,223	(1,103,777)
NET CHANGE IN FUND BALANCE	-	116,375	116,375
FUND BALANCE:			
BEGINNING OF YEAR	-	(39,251)	(39,251)
END OF YEAR	$ -	$ 77,124	$ 77,124

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