

WEST LOT METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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COLORADO CPA COMPANY

Independent Auditor's Report

Board of Directors
West Lot Metropolitan District No. 1
City and County of Denver, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of West Lot Metropolitan District No. 1 (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 West Lot Metropolitan District No. 1 as of December 31, 2025, and 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 ("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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Required Supplemental Information

Management has omitted the 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

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. The supplemental information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Colorado CPA Company PC

Highlands Ranch, Colorado
July 28, 2026

West Lot Metropolitan District No. 1

BALANCE SHEET/STATEMENT OF NET POSITION

GOVERNMENTAL FUNDS

December 31, 2025

	<u>General</u>	Debt <u>Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
ASSETS					
Cash and investments	\$ 4,061	\$ -	\$ 4,061	\$ -	\$ 4,061
Cash and investments - restricted	1,500	-	1,500	-	1,500
Taxes due from County	720	5,029	5,749	-	5,749
Prepaid expenses	7,850	-	7,850	-	7,850
Property taxes receivable	56,666	339,995	396,661	-	396,661
Receivable West Lot MD 2	296,264	-	296,264	-	296,264
Capital assets not being depreciated	-	-	-	8,475,924	8,475,924
Total Assets	<u>\$ 367,061</u>	<u>\$ 345,024</u>	<u>\$ 712,085</u>	<u>8,475,924</u>	<u>9,188,009</u>
LIABILITIES					
Accounts payable	\$ 8,839	\$ -	\$ 8,839	-	8,839
Payable District 2	-	5,029	5,029	-	5,029
Long-term liabilities:					
Due in more than one year	-	-	-	17,070	17,070
Total Liabilities	<u>8,839</u>	<u>5,029</u>	<u>13,868</u>	<u>17,070</u>	<u>30,938</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>56,666</u>	<u>339,995</u>	<u>396,661</u>	-	396,661
Total Deferred Inflows of Resources	<u>56,666</u>	<u>339,995</u>	<u>396,661</u>	-	396,661
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable:					
Prepays	7,850	-	7,850	(7,850)	-
Restricted:					
Emergencies	1,500	-	1,500	(1,500)	-
Unassigned	<u>292,206</u>	-	<u>292,206</u>	<u>(292,206)</u>	-
Total Fund Balances	<u>301,556</u>	-	<u>301,556</u>	<u>(301,556)</u>	-
Total Liabilities and Fund Balances	<u>\$ 367,061</u>	<u>\$ 345,024</u>	<u>\$ 712,085</u>		
Net Position:					
Net investment in capital assets				8,458,854	8,458,854
Restricted for:					
Emergencies				1,500	1,500
Unrestricted				<u>300,056</u>	<u>300,056</u>
Total Net Position (Deficit)				<u>\$ 8,760,410</u>	<u>\$ 8,760,410</u>

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

West Lot Metropolitan District No. 1

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

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
<u>Operating:</u>					
Accounting	\$ 8,303	\$ -	\$ 8,303	\$ -	\$ 8,303
Auditing	11,600	-	11,600	-	11,600
Insurance	8,381	-	8,381	-	8,381
Legal	27,620	-	27,620	-	27,620
Elections	2,438	-	2,438	-	2,438
Miscellaneous	2,064	-	2,064	-	2,064
Treasurer fees	596	4,170	4,766	-	4,766
Transfer to West Lot MD #2	-	433,989	433,989	-	433,989
Interest on developer advances - operations	-	-	-	1,075	1,075
Total Expenditures	<u>61,002</u>	<u>438,159</u>	<u>499,161</u>	<u>1,075</u>	<u>500,236</u>
GENERAL REVENUES					
Property taxes	59,747	418,226	477,973	-	477,973
Specific ownership taxes	2,838	19,868	22,706	-	22,706
Transfer from West Lot MD #2	113,892	-	113,892	-	113,892
Interest income	<u>10</u>	<u>65</u>	<u>75</u>	<u>-</u>	<u>75</u>
Total General Revenues	<u>176,487</u>	<u>438,159</u>	<u>614,646</u>	<u>-</u>	<u>614,646</u>
NET CHANGES IN FUND BALANCES	115,485	-	115,485	(115,485)	
CHANGES IN NET POSITION				114,410	114,410
FUND BALANCES/NET POSITION					
BEGINNING OF YEAR	<u>186,071</u>	<u>-</u>	<u>186,071</u>	<u>8,459,929</u>	<u>8,646,000</u>
END OF YEAR	<u>\$ 301,556</u>	<u>\$ -</u>	<u>\$ 301,556</u>	<u>\$ 8,458,854</u>	<u>\$ 8,760,410</u>

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

West Lot Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2025

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 59,547	\$ 59,747	\$ 200
Specific ownership taxes	4,344	2,838	(1,506)
Transfer from West Lot MD #2	98,186	113,892	15,706
Interest income	-	10	10
Total Revenues	<u>162,077</u>	<u>176,487</u>	<u>14,410</u>
EXPENDITURES			
Accounting	15,000	8,303	6,697
Auditing	14,000	11,600	2,400
Insurance	9,200	8,381	819
Legal	45,000	27,620	17,380
Elections	4,500	2,438	2,062
Miscellaneous	2,500	2,064	436
Treasurer fees	893	596	297
Contingency	246,785	-	246,785
Emergency Reserve	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Expenditures	<u>339,378</u>	<u>61,002</u>	<u>278,376</u>
NET CHANGE IN FUND BALANCE	(177,301)	115,485	292,786
FUND BALANCE:			
BEGINNING OF YEAR	<u>177,301</u>	<u>186,071</u>	<u>8,770</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 301,556</u>	<u>\$ 301,556</u>

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

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

Note 1: Summary of Significant Accounting Policies

The accounting policies of the West Lot Metropolitan District No. 1, (the “District”) located in the City and County of Denver, 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 was organized on November 27, 2018 in conjunction with West Lot Metropolitan District No. 2 (“District No. 2”, together with the District, the “Districts”), each a quasi-municipal corporation and political subdivision established under the State of Colorado Special District Act. The District was created to plan for, design, finance, acquire, construct, install, relocate, and/or redevelop certain public improvements, including, but not limited to, water improvements; sanitation improvements; street improvements; traffic and safety controls; storm water drainage improvements; parks and recreation improvements; transportation; mosquito control; television translation and relay; covenant enforcement; special improvement districts; and all other services permitted by Article 1, Title 32, C.R.S., subject to any limitations set forth in the Service Plan. The District’s primary revenue is a transfer from District No. 2 and 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.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

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 for 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.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

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.

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 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.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

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 has no 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.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method.

Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

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.

Nonspendable fund balance at December 31, 2025 represents prepaid insurance.

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 \$1,500 of the General Fund balance has been reserved in compliance with this requirement.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

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.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive classification first when more than one classification is available

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.

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.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

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

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

Statement of Net Position:

Cash	\$ 4,061
Cash - restricted	<u>1,500</u>
Total	\$ <u>5,561</u>

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

Deposits	\$ <u>5,561</u>
	\$ <u>5,561</u>

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

The District had no investments at December 31, 2025.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

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
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 8,475,924	\$ -	\$ -	\$ 8,475,924
Government type assets, net	<u>\$ 8,475,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,475,924</u>

Upon completion and acceptance, all capital improvements will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

Note 4: Long-Term Debt

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

	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Current Portion
<u>Other:</u>					
Developer advances	\$ 13,442	\$ -	\$ -	\$ 13,442	\$ -
Developer advance - interest	<u>2,553</u>	<u>1,075</u>	<u>-</u>	<u>3,628</u>	<u>-</u>
	<u>\$ 15,995</u>	<u>\$ 1,075</u>	<u>\$ -</u>	<u>\$ 17,070</u>	<u>\$ -</u>

Operation Funding Agreement

The District and the West Lot LLC, a Colorado limited liability company ("Developer") entered into an Operation Funding Agreement, dated November 15, 2019, and effective November 27, 2018, as amended by the First Amendment, dated November 13, 2020 and by the Second Amendment dated November 12, 2021 (the "OFA"). Under the OFA, the Developer agreed to advance funds to pay for the Districts' operations shortfalls in fiscal years 2018 through 2022, up to a maximum aggregate amount of \$150,000. Simple interest accrues on the amounts advanced to the District at 8% per annum. The OFA terminates on December 31, 2060. At December 31, 2025, the total principal and interest outstanding under this agreement was \$17,070.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

Authorized Debt:

The District was organized, pursuant to its Service Plan, to provide services to the same service area with District No. 2. The Districts, in aggregate, shall not issue Debt, excluding any Debt issued to refund Debt, in excess of \$50,000,000 (the “Service Plan Aggregate Debt Issuance Limit”). In no event is the District authorized to issue Debt in an amount that exceeds the Service Plan Aggregate Debt Issuance Limit.

The District’s voters have authorized the District to issue Debt in accordance with the Service Plan Aggregate Debt Issuance Limit.

As of December 31, 2025, the District has not issued any Debt and District No. 2 has issued a total of \$8,874,000 of the Service Plan Aggregate Debt Issuance Limit. Therefore, as of December 31, 2025, there is approximately \$41,126,000 of the Service Plan Aggregate Debt Issuance Limit remaining.

In the future, the District may issue a portion or all of the remaining Service Plan Aggregate Debt Issuance Limit for purposes of providing public improvements to support development as it occurs within the Districts’ service area.

Note 5: Other Agreements

Cost Sharing and Administrative Services Intergovernmental Agreement

On November 12, 2021, the District and District No. 2 entered into a Cost Sharing and Administrative Services Intergovernmental Agreement (the “Cost Sharing IGA”), which sets forth the terms and conditions under which the Districts will share various capital, and operation and maintenance, and administrative expenses. Under the Cost Sharing IGA, each District agreed to contribute the revenue generated from the imposition of its respective debt service mill levy under the Series 2021 Loan Agreement toward payment of the Series 2021 Loan, which reimbursed the Developer pursuant to the Facilities Funding and Acquisition Agreement between the District and the Developer for “Verified Shared Costs” of public improvements (including verified construction costs and related soft costs, such as legal, accounting, management and organizational costs) that benefit the residents and users of both Districts.

The Districts also agreed that the District would perform administrative services for the Districts and that District No. 2 would remit the revenue generated from the imposition of its general fund mill levy to the District to contribute District No. 2’s share of shared Administration Costs and/or to reimburse the Developer for developer advances made under the Operation Funding Agreement between the District and the Developer for operation and maintenance and administrative costs. The Costs Sharing IGA can be terminated by the Districts with one year prior written notice.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

Capital Pledge Agreement

On November 24, 2021, the District and District No. 2 entered into a Capital Pledge Agreement related to District No. 2's Limited Tax General Obligation Improvement Loan, Series 2021 in the amount of \$8,874,000 by Zions Bancorporation, N.A. d/b/a Vectra Bank Colorado (the "Series 2021 Loan") whereby the District agrees to impose the District Required Mill Levy, and assign and remit to District No. 2 all revenues resulting from the imposition of the District's Required Mill Levy and Specific Ownership Taxes, as well as certain other revenues of the District to pay a portion of the principal of and interest on the Series 2021 Loan commencing in 2022 and each year thereafter so long as the Series 2021 Loan remains outstanding.

Mill Levy Allocation Agreement

On November 24, 2021, the District and District No. 2 entered into a Mill Levy Allocation Agreement (the "Allocation Agreement"), under which the Districts agreed that the obligations of each of the Districts under the Series 2021 Loan Agreement and the Capital Pledge Agreement (discussed above) are fair and equitable in light of the benefits received by the Districts and their current and future residents, occupants, taxpayers and property owners.

The Districts acknowledged that the design, acquisition, and construction of the public improvements benefit each of the Districts and their current and future residents, occupants, taxpayers and property owners, and that the Districts' respective obligations under the Capital Pledge Agreement and the Series 2021 Loan Agreement are reasonable in light of the long term benefits to be derived from the development, and that the development does and will in the future continue to provide benefits to each of the Districts and their respective current and future residents, occupants, taxpayers and property owners. The Districts further agreed to cooperate with respect to the imposition of each District's respective debt service mill levy applicable to payment of the Series 2021 Loan.

Facilities Funding and Acquisition Agreement

The District and the Developer entered into a Facilities Funding and Acquisition Agreement dated November 15, 2019 with an effective date of November 27, 2018 ("FFAA"). Pursuant to the FFAA, the Developer agrees to construct public improvements and the District agrees to acquire the public improvements subject to the terms in the FFAA and reimburse the Developer for the costs associated with the construction of the public improvements up to \$32,360,000 as well as organizational costs expended by the Developer.

Interest accrues on amounts reimbursable to the Developer under the FFAA at a rate of 8% per annum. The FFAA does not constitute debt, but is an annual appropriation intended to be repaid through a future bond issuance. The FFAA further provides that if the District has not reimbursed the Developer for any organizational expenses, or construction related expenses by December 31, 2058, any amount or principal and accrued interest outstanding under the FFAA on such date will be deemed forever discharged and satisfied in full. At December 31, 2025, there were no amounts outstanding under this agreement.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

Note 6: Related Parties

All of the members of the Board of Directors are owners or members of or are otherwise associated with the Developer. Management believes that all potential conflicts, if any, have been disclosed to the Board of Directors.

Note 7: 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.

On November 6, 2018, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 8: 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.

WEST LOT METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2025

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 9: 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 may 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) long-term liabilities such as bonds and developer advances payable and accrued 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 may 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; and
- 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.

SUPPLEMENTAL INFORMATION

West Lot Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2025

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 416,831	\$ 418,226	\$ 1,395
Specific ownership taxes	30,394	19,868	(10,526)
Interest income	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 65</u>
Total Revenues	<u>447,225</u>	<u>438,159</u>	<u>(9,066)</u>
EXPENDITURES			
Transfer to West Lot MD #2	443,057	433,989	9,068
Treasurer fees	<u>4,168</u>	<u>4,170</u>	<u>(2)</u>
Total Expenditures	<u>447,225</u>	<u>438,159</u>	<u>9,066</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

West Lot Metropolitan District No. 1

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 Tax		Percent Collected to Levied
		<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Levied</u>	<u>Collected</u>	
2021	\$ 30	10.000	0.000	10.000	\$ 0	\$ -	0.00%
2022	\$ 51,490,020	1.000	7.000	8.000	\$ 411,920	\$ 411,920	100.00%
2023	\$ 45,280,470	1.000	7.000	8.000	\$ 362,243	\$ 301,760	83.30%
2024	\$ 60,637,180	1.000	7.000	8.000	\$ 485,097	\$ 477,973	98.53%
2025	\$ 59,547,310	1.000	7.000	8.000	\$ 476,378	\$ 477,973	100.33%
Estimated for							
year ending							
December 31,							
2026	\$ 56,665,890	1.000	6.000	7.000	\$ 396,661		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.