CHAPARRAL POINTE METROPOLITAN DISTRICT

EL PASO COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2025

TABLE OF CONTENTS

Independent auditor's report i

BASIC FINANCIAL STATEMENTS

Government-wide financial statements

Statement of net position 1

Statement of activities 2

Fund financial statements

Balance sheets - governmental funds 3

Statements of revenues, expenditures, and changes in fund balances - governmental funds 4

Reconciliation of the statements of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities 5

General fund - statement of revenues, expenditures, and changes in fund balance (budget and actual) 6

Notes to financial statements 7

SUPPLEMENTARY INFORMATION

Debt service fund - schedule of revenues, expenditures, and changes in fund balance (budget and actual) 18

BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chaparral Pointe Metropolitan District
El Paso County, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 11, these financial statements have been restated to correct for various errors in the December 31, 2024 financial statements. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a

going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford LLP

Colorado Springs, Colorado
September 24, 2026

CHAPARRAL POINTE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 63,413
Cash and investments - restricted	4,595
Accounts receivable	15,230
Receivable from County Treasurer	721
Property taxes receivable	92,012
Prepaid expenses	2,557
Capital assets, not depreciable	1,165,935
Total assets	1,344,463
LIABILITIES	
Accounts payable	12,122
Noncurrent liabilities:	
Due in more than one year	1,669,984
Total liabilities	1,682,106
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	92,012
Total deferred inflows of resources	92,012
NET POSITION	
Restricted for:	
Emergency reserve	2,200
Debt service	2,946
Unrestricted	(434,801)
Total net position	$ (429,655)

The accompanying notes and independent auditor's report
should be read with these financial statements.

CHAPARRAL POINTE METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

FUNCTIONS / PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Primary government					
Government activities:					
General government	$ 77,745	$ 95,585	$ -	$ -	$ 17,840
Interest and related costs on long-term debt	85,097	-	-	-	(85,097)
Total government activities	$ 162,842	$ 95,585	$ -	$ -	(67,257)
GENERAL REVENUES					
Property taxes					94,458
Specific ownership taxes					9,054
Interest income					1,775
Total general revenues					105,287
Change in net position					38,030
Net position, beginning of year					(467,685)
Net position, end of year					$ (429,655)

The accompanying notes and independent auditor's report
should be read with these financial statements.

CHAPARRAL POINTE METROPOLITAN DISTRICT
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and investments	$ 63,413	$ -	$ 63,413
Cash and investments - restricted	2,200	2,395	4,595
Accounts receivable	15,230	-	15,230
Receivable from County Treasurer	170	551	721
Property taxes receivable	23,384	68,628	92,012
Prepaid expenses	2,557	-	2,557
Total assets	$ 106,954	$ 71,574	$ 178,528
LIABILITIES			
Accounts payable	$ 12,122	$ -	$ 12,122
Total liabilities	12,122	-	12,122
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	23,384	68,628	92,012
Total deferred inflows of resources	23,384	68,628	92,012
FUND BALANCES			
Nonspendable:			
Prepaid expenses	2,557	-	2,557
Restricted for:			
Emergency reserve	2,200	-	2,200
Debt service	-	2,946	2,946
Unassigned:			
Unrestricted	66,691	-	66,691
Total fund balances	71,448	2,946	74,394
Total liabilities, deferred inflows of resources, and fund balances	$ 106,954	$ 71,574	

Amounts reported in governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, not depreciable	1,165,935
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(1,350,000)
Accrued interest on bonds payable	(88,570)
Developer advances	(166,000)
Accrued interest on developer advances	(65,414)
Net position of governmental activities	$ (429,655)

The accompanying notes and independent auditor's report
should be read with these financial statements.

CHAPARRAL POINTE METROPOLITAN DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Homeowners fees	$ 95,585	$ -	$ 95,585
Property taxes	22,217	72,241	94,458
Specific ownership taxes	2,130	6,924	9,054
Interest income	-	1,775	1,775
Total revenues	119,932	80,940	200,872
EXPENDITURES			
Current:			
Bank fees	51	103	154
Billings	857	-	857
County Treasurer fees	333	1,084	1,417
District management	19,730	-	19,730
Dues and subscriptions	379	-	379
Election expense	407	-	407
Insurance	2,999	-	2,999
Landscaping	8,202	-	8,202
Professional fees	16,840	-	16,840
Repairs and maintenance	8,335	-	8,335
Trash collection expense	11,189	-	11,189
Trustee fees	-	4,000	4,000
Utilities	3,236	-	3,236
Debt service:			
Bond interest payments	-	75,900	75,900
Total expenditures	72,558	81,087	153,645
Net change in fund balances	47,374	(147)	47,227
Fund balances, beginning of year	24,074	3,093	27,167
Fund balances, end of year	$ 71,448	$ 2,946	$ 74,394

The accompanying notes and independent auditor's report should be read with these financial statements.

CHAPARRAL POINTE METROPOLITAN DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

Net change in fund balances	$	47,227
Amounts reported for governmental activities in the statement of activities are different because:		
Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest on bonds payable		4,083
Change in accrued interest on developer advances		(13,280)
Change in net position	$	38,030

The accompanying notes and independent auditor's report should be read with these financial statements.

CHAPARRAL POINTE METROPOLITAN DISTRICT

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

YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance
REVENUES			
Homeowners fees	$ 85,680	$ 95,585	$ 9,905
Property taxes	22,217	22,217	-
Specific ownership taxes	1,555	2,130	575
Total revenues	109,452	119,932	10,480
EXPENDITURES			
Bank fees	-	51	(51)
Billings	-	857	(857)
Contingency	10,000	-	10,000
County Treasurer fees	333	333	-
District management	33,000	19,730	13,270
Dues and subscriptions	450	379	71
Election expense	5,000	407	4,593
Insurance	4,000	2,999	1,001
Landscaping	15,000	8,202	6,798
Miscellaneous	3,336	-	3,336
Professional fees	20,000	16,840	3,160
Repairs and maintenance	-	8,335	(8,335)
Trash collection expense	12,000	11,189	811
Utilities	5,000	3,236	1,764
Total expenditures	108,119	72,558	35,561
Net change in fund balance	$ 1,333	47,374	$ 46,041
Fund balance, beginning of year		24,074	
Fund balance, end of year		$ 71,448	

The accompanying notes and independent auditor's report should be read with these financial statements.

1. DEFINITION OF REPORTING ENTITY

Chaparral Pointe Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in September 11, 2018, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to construct public improvements including grading and erosion control, streets, water, sanitary sewer and stormwater improvements, park and recreation improvements, and landscaping.

The District follows 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, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

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 when they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The *general fund* accounts for all financial resources of the District except those required to be accounted for in another fund.

The *debt service fund* accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used for repayment of debt.

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, and other financing uses level, and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2025.

Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, 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 balance.

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 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

Property taxes, net of estimated uncollectable amounts, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues in the year they are available or collected.

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, 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, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column 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 a useful life greater than one year. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

Capital assets which are anticipated to be conveyed to other governmental entities are not depreciated or included in the calculation of net investment in capital assets component of the District's net position.

Net position and fund balances

Net position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund balances

Fund balances for governmental funds are 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. 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:

The *nonspendable fund balance* is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The *restricted fund balance* is 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.

The *committed fund balance* is 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.

The *assigned fund balance* is 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.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, 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.

Use of estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor's report, the date these financial statements were available to be issued.

New accounting pronouncement

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

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	$	63,413
Cash and investments - restricted		4,595
	$	68,008

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2025, are as follows:

Deposits with financial institutions	$	67,810
Investments		198
	$	68,008

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 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.

As of December 31, 2025, the District's cash deposits had a bank balance of $67,810 and a carrying balance of $67,810.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. The District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless otherwise formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Maturity	Amount
Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	$ 198

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST" or "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust offers three portfolios: COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund in which each share is equal in value to $1, offer daily liquidity. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of US government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable net asset value ("NAV") local government investment pool, offers weekly liquidity and is managed to approximate a $10 transactional share price. COLOTRUST EDGE may invest in US Treasury securities, repurchase agreement collateralized by US Treasury securities, certain obligations of US government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investment at fair value and the District records its investment in COLOTRUST at NAV as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is as follows:

	Balance 01-01-25	Additions	Dispositions	Reclassifications	Balance 12-31-25
Governmental activities					
Capital assets, not depreciable:					
Construction in progress	$ 1,165,935	$ -	$ -	$ -	$ 1,165,935
Capital assets, not depreciable	$ 1,165,935	$ -	$ -	$ -	$ 1,165,935

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2025:

	Balance 01-01-25	Additions	Repayments / Amortization	Balance 12-31-25	Due Within One Year
Governmental activities					
Bonds payable:					
Series 2021A(3) Bonds	$ 1,350,000	$ -	$ -	$ 1,350,000	$ -
Accrued interest on Series 2021a(3) Bonds	92,653	71,817	(75,900)	88,570	-
Total bonds payable	1,442,653	71,817	(75,900)	1,438,570	-
Other long-term obligations:					
Developer advance	166,000	-	-	166,000	-
Accrued interest on developer advance	52,134	13,280	-	65,414	-
Total other long-term obligations	218,134	13,280	-	231,414	-
Total long-term obligations	$ 1,660,787	$ 85,097	$ (75,900)	$ 1,669,984	$ -

Series 2021A(3) General Obligation Limited Tax Cash Flow Bonds

On June 24, 2021, the District issued Series 2021A(3) General Obligation Limited Tax Bonds ("Series 2021 Bonds") for the purpose of: (i) paying the project costs; and (ii) paying other costs incurred in connection with the issuance of the bonds. The Series 2021 Bonds were issued in the amount of $1,350,000; bear interest at 5.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months; are payable to the extent of pledged revenues available on December 1 each year; and mature on December 1, 2051. On December 2, 2059, no payments will be due and the Series 2021 Bonds will be deemed to be paid, satisfied, and discharged regardless of the amount of principal and interest paid prior to that date. Accordingly, the timing of repayment is uncertain and a maturity schedule is not included in these financial statements.

Pledged revenues

The Series 2021 Bonds are secured by and payable from the pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (i) required mill levy; (ii) portion of the specific ownership tax which is collected as a result of imposition of the required mill levy; and (iii) any other legally available monies which the District determines to be treated as pledged revenue. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium and interest on the bonds as they become due and payable in the amount of 30.000 mills. The mill levy is adjusted for changes in the ratio of actual value to assessed value of property within the District.

Optional redemption

The Series 2021 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 June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium on the principal amount redeemed, as follows:

Date of Redemption	Redemption Premium
June 1, 2026 to May 31, 2027	3.00%
June 1, 2027 to May 31, 2028	2.00%
June 1, 2028 to May 31, 2029	1.00%
June 1, 2029 and thereafter	0.00%

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 constitutes an event of default under the indenture.

i. The District fails to impose the required mill levy or to apply the pledged revenues.

ii. The District fails to observe or perform any other of the material covenants, agreements, duties, or conditions on the part of the District in the agreement, and such failure is not remedied to the satisfaction of the trustee after the District receives written notice from the trustee or the District of the occurrence of such failure.

iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

Upon the occurrence and continuance of an event of default, the trustee has the following rights and remedies which may be pursued:

i. Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the trustee and of the owners of the bonds, the trustee is entitled as a matter of right to the appointment of a receiver or receivers of the trust estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the trustee is entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the indenture to, the trustee.

ii. Suit for judgment: The trustee may proceed to protect and enforce its rights and the rights of the owners of the bonds under the act, the bonds, the bond resolution, the indenture, and any provision of law by such suit, action, or special proceedings as the trustee, being advised by counsel, deems appropriate.

iii. Mandamus or other suit: The trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the owners of the bonds.

It is acknowledged that, due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due does not, in itself, constitute an event of default under the indenture.

Notwithstanding the foregoing, acceleration will not be an available remedy for an event of default.

Operation funding agreement

On December 13, 2018, and as amended December 10, 2019, December 8, 2020, and November 17, 2021, the District and Century Land Holdings, LLC, ("Developer"), entered into an Operation Funding Agreement. Under the agreement, the Developer agreed to advance funds sufficient to pay operation and maintenance expenses, not to exceed the shortfall amount of $175,000. The District agreed to repay the Developer for such advances plus accrued interest at the rate of 8% per annum from the date of direct payment by the Developer. On December 31, 2062, the Operation Funding Agreement will be deemed to be forgiven and discharged regardless of the amount of principal and interest paid prior to that date. As of December 31, 2025 outstanding developer advances under the agreement totaled $166,000 and accrued interest totaled $65,414.

Facilities acquisition agreement

On December 13, 2018, the District and the Developer entered into a Facilities Acquisition Agreement. Under the agreement, the Developer agreed to design, construct, and complete certain public improvements, and the District agreed to reimburse the Developer for certified construction costs, up to $5,000,000, and eligible organization expenses, together with simple interest at 8% per annum. On December 31, 2058, the Facilities Acquisition Agreement will be deemed to be forgiven and discharged regardless of the amount of principal and interest paid prior to that date. As of December 31, 2025, there were no outstanding developer advances or accrued interest.

Authorized debt

On November 12, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $65,000,000 at an interest rate not to exceed 18% per annum. As of December 31, 2025, the District had authorized but unissued electoral indebtedness of $63,650,000.

As set forth in the District's Service Plan, the City of Colorado Springs has limited the amount of debt to be issued by the District to a total of $5,000,000 without further approval by the City. The District may levy up to 30.000 mills, as adjusted, for debt service and 10.000 mills, as adjusted, for general operations and administrative expenses due to the ongoing operations and maintenance to be undertaken by the District. As of December 31, 2025, the District has had authorized but unissued service plan indebtedness of $3,650,000.

6. NET POSITION

The District has net position consisting of restricted and unrestricted.

Restricted net position includes balances with external restrictions 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 a restricted net position as of December 31, 2025 as follows:

Restricted net position:		
Debt service (Note 5)	$	2,200
Emergency reserve (Note 10)		2,946
	$	5,146

The District has a deficit in unrestricted net position as of December 31, 2025. This deficit is the result of the District being responsible for the repayment of bonds issued for public improvements, of which a significant portion were conveyed to other governmental entities and which costs were removed from the District's financial records.

7. OPERATIONS FEE

In December 2020 and amended effective November 14, 2022, the District imposed an operations fee on residential units. The fee consists of two components. The first component is a one-time fee of $105 per residential unit upon transfer of residential units to residents. The second component is a recurring fee of $105 per month for each residential unit due on the first day of each month. The operations fee is to be used for the operation and maintenance of public improvements and for furnishing covenant enforcement and design review services.

8. AGREEMENTS

On December 18, 2018, Barnes Center Property Owners Association, Inc ("Association"), and the Developer entered into a cost-sharing and maintenance agreement. Under the agreement, the Developer agreed to pay the Association for a pro-rata share of the maintenance obligations of a road maintained by the Association within the District's boundaries. During the year ended December 31, 2025, the Developer and the District operated as if the agreement had been assigned from the Developer to the District. Subsequent to December 31, 2025, the Developer and the District began the process of formalizing the assignment of the agreement from the Developer to the District with a retroactive effective date as of June 9, 2021. Amounts paid by the District under the assignment were $7,990 during the year ended December 31, 2025.

On September 15, 2025, the District was granted a special warranty deed from Century Land Holdings, LLC for two tracts of land for a nominal amount.

9. 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"). 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.

10. TAX, SPENDING, AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. On November 12, 2018, the District's voters approved a ballot issue allowing the District to retain all revenues.

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.

District management believes the District 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 likely require judicial interpretation.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado.

Annual operating revenue is limited to a 5.25% increase, such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues. The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

11. CORRECTION OF ERRORS IN THE PREVIOUSLY ISSUED APPLICATION FOR EXEMPTION FROM AUDIT

The previously issued December 31, 2024 application for exemption from audit included the following errors:

- Accounts receivable were understated by $1,584.
- Prepaid insurance was understated by $2,554.
- Accrued interest on bonds payable and developer advances were understated by $49,512.
- Accounts payable were understated by $4,963.
- Accrued liabilities were overstated by $5,500.
- The fund financial statements improperly included capital assets and long-term obligations.

The following summarizes the affected financial statement line items as a result of the corrections of errors in the previously issued application for exemption from audit:

	As Previously Reported	Adjustment Increase (Decrease)	As Restated
Government-wide financial statements:			
Financial statement line items:			
Accounts receivable	$ 7,669	$ 1,584	$ 9,253
Prepaid expenses	-	2,554	2,554
Noncurrent liabilities due in more than one year	1,611,275	49,512	1,660,787
Accounts payable	5,018	4,963	9,981
Accrued liabilities	5,500	(5,500)	-
Net position	(422,848)	(44,837)	(467,685)
Governmental fund financial statements:			
Financial statement line items:			
Accounts receivable	7,669	1,584	9,253
Prepaid expenses	-	2,554	2,554
Capital assets	1,165,935	(1,165,935)	-
Accounts payable	5,018	4,963	9,981
Accrued liabilities	5,500	(5,500)	-
Long-term obligations	1,611,275	(1,611,275)	-
General fund balance	24,899	(825)	24,074
Debt service fund balance	(447,747)	450,840	3,093

* * * * * * *

SUPPLEMENTARY INFORMATION

CHAPARRAL POINTE METROPOLITAN DISTRICT

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

YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 72,240	$ 72,240	$ 72,241	$ 1
Specific ownership taxes	5,057	6,924	6,924	-
Interest income	-	1,775	1,775	-
Total revenues	77,297	80,939	80,940	1
EXPENDITURES				
Bank fees	-	103	103	-
County Treasurer fees	1,084	1,084	1,084	-
Trustee fees	4,000	4,000	4,000	-
Bond interest payments	65,291	75,900	75,900	-
Total expenditures	70,375	81,087	81,087	-
Net change in fund balance	$ 6,922	$ (148)	(147)	$ 1
Fund balance, beginning of year			3,093	
Fund balance, end of year			$ 2,946	

The accompanying notes and independent auditor's report should be read with these financial statements.