

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**Mesa County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2025**

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## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITORS' REPORT**

The Management  
Redlands 360 Metropolitan District No. 9  
Colorado Springs, Colorado

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of Redlands 360 Metropolitan District No. 9 (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 the 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 Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. 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**

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 opinion on the basic financial statements is not affected by this missing information.

### **Report on Other 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 schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule on page 22 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sorren CPAs P.C.  
Colorado Springs, Colorado  
September 29, 2026

## **BASIC FINANCIAL STATEMENTS**

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2025**

|                                      | <u>Governmental<br/>Activities</u> |
|--------------------------------------|------------------------------------|
| <b>ASSETS</b>                        |                                    |
| Cash and Investments                 | \$ 5,306                           |
| Cash and Investments - Restricted    | 900                                |
| Prepaid Insurance                    | 9,397                              |
| Due from Other Districts             | 40,205                             |
| Capital Assets:                      |                                    |
| Capital Assets Not Being Depreciated | <u>8,508,819</u>                   |
| Total Assets                         | <u>8,564,627</u>                   |
| <b>LIABILITIES</b>                   |                                    |
| Accounts Payable                     | 77,568                             |
| Accrued Interest                     | 40,617                             |
| Noncurrent Liabilities:              |                                    |
| Due in More Than One Year            | <u>327,645</u>                     |
| Total Liabilities                    | <u>445,830</u>                     |
| <b>NET POSITION</b>                  |                                    |
| Restricted for:                      |                                    |
| Emergency Reserve                    | 900                                |
| Unrestricted                         | <u>8,117,897</u>                   |
| Total Net Position                   | <u><u>\$ 8,118,797</u></u>         |

See accompanying Notes to Basic Financial Statements.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2025**

|                                                 |                   | Program Revenues           |                                          |                                        | Net Revenues<br>(Expenses) and<br>Changes in<br>Net Position |
|-------------------------------------------------|-------------------|----------------------------|------------------------------------------|----------------------------------------|--------------------------------------------------------------|
|                                                 |                   | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                                   |
|                                                 | Expenses          |                            |                                          |                                        |                                                              |
| <b>FUNCTIONS/PROGRAMS</b>                       |                   |                            |                                          |                                        |                                                              |
| Primary Government:                             |                   |                            |                                          |                                        |                                                              |
| Governmental Activities:                        |                   |                            |                                          |                                        |                                                              |
| General Government                              | \$ 182,515        | \$ -                       | \$ 8,537,746                             | \$ -                                   | \$ 8,355,231                                                 |
| Interest on Long-Term Debt<br>and Related Costs | 19,329            | -                          | -                                        | -                                      | (19,329)                                                     |
| Total Governmental Activities                   | <u>\$ 201,844</u> | <u>\$ -</u>                | <u>\$ 8,537,746</u>                      | <u>\$ -</u>                            | <u>8,335,902</u>                                             |
| <b>CHANGES IN NET POSITION</b>                  |                   |                            |                                          |                                        | 8,335,902                                                    |
| Net Position - Beginning of Year                |                   |                            |                                          |                                        | <u>(217,105)</u>                                             |
| <b>NET POSITION - END OF YEAR</b>               |                   |                            |                                          |                                        | <u><u>\$ 8,118,797</u></u>                                   |

See accompanying Notes to Basic Financial Statements.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**BALANCE SHEET –**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2025**

|                                                                                                                                              | General          | Capital<br>Projects | Total<br>Governmental<br>Funds |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|--------------------------------|
| <b>ASSETS</b>                                                                                                                                |                  |                     |                                |
| Cash and Investments                                                                                                                         | \$ 5,306         | \$ -                | \$ 5,306                       |
| Cash and Investments - Restricted                                                                                                            | 900              | -                   | 900                            |
| Due from Other Districts                                                                                                                     | 205              | 40,000              | 40,205                         |
| Prepaid Insurance                                                                                                                            | 9,397            | -                   | 9,397                          |
|                                                                                                                                              | <u>15,808</u>    | <u>40,000</u>       | <u>55,808</u>                  |
| Total Assets                                                                                                                                 | <u>\$ 15,808</u> | <u>\$ 40,000</u>    | <u>\$ 55,808</u>               |
| <b>LIABILITIES AND FUND BALANCES</b>                                                                                                         |                  |                     |                                |
| <b>LIABILITIES</b>                                                                                                                           |                  |                     |                                |
| Accounts Payable                                                                                                                             | \$ 37,568        | \$ 40,000           | \$ 77,568                      |
| <b>FUND BALANCES</b>                                                                                                                         |                  |                     |                                |
| Nonspendable:                                                                                                                                |                  |                     |                                |
| Prepaid Expense                                                                                                                              | 9,397            | -                   | 9,397                          |
| Restricted for:                                                                                                                              |                  |                     |                                |
| Emergency Reserves                                                                                                                           | 900              | -                   | 900                            |
| Unassigned                                                                                                                                   | (32,057)         | -                   | (32,057)                       |
| Total Fund Balances                                                                                                                          | <u>(21,760)</u>  | <u>-</u>            | <u>(21,760)</u>                |
| Total Liabilities and Fund Balances                                                                                                          | <u>\$ 15,808</u> | <u>\$ 40,000</u>    |                                |
| Amounts reported for governmental activities in the statement of net position are different because:                                         |                  |                     |                                |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                    |                  |                     | 8,508,819                      |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. |                  |                     |                                |
| Accrued Interest                                                                                                                             |                  |                     | (40,617)                       |
| Developer Advance Payable                                                                                                                    |                  |                     | <u>(327,645)</u>               |
| Net Position of Governmental Activities                                                                                                      |                  |                     | <u>\$ 8,118,797</u>            |

See accompanying Notes to Basic Financial Statements.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2025**

|                                                  | General                   | Capital<br>Projects | Total<br>Governmental<br>Funds |
|--------------------------------------------------|---------------------------|---------------------|--------------------------------|
| <b>REVENUES</b>                                  |                           |                     |                                |
| Intergovernmental Revenues                       | \$ 28,927                 | \$ 8,508,819        | \$ 8,537,746                   |
| <b>EXPENDITURES</b>                              |                           |                     |                                |
| Current:                                         |                           |                     |                                |
| Accounting                                       | 39,102                    | -                   | 39,102                         |
| District Management                              | 36,000                    | -                   | 36,000                         |
| Dues And Membership                              | 874                       | -                   | 874                            |
| Election                                         | 4,313                     | -                   | 4,313                          |
| Insurance                                        | 2,676                     | -                   | 2,676                          |
| Landscaping                                      | 9,558                     | -                   | 9,558                          |
| Legal                                            | 29,130                    | -                   | 29,130                         |
| Miscellaneous                                    | 5,181                     | -                   | 5,181                          |
| Organization Costs                               | -                         | 107,112             | 107,112                        |
| Repairs And Maintenance                          | 37,952                    | -                   | 37,952                         |
| Utilities                                        | 314                       | -                   | 314                            |
| Water                                            | 17,415                    | -                   | 17,415                         |
| Capital Projects:                                |                           |                     |                                |
| Capital Outlay                                   | -                         | 8,401,707           | 8,401,707                      |
| Total Expenditures                               | <u>182,515</u>            | <u>8,508,819</u>    | <u>8,691,334</u>               |
| <b>EXCESS OF REVENUES UNDER<br/>EXPENDITURES</b> | (153,588)                 | -                   | (153,588)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                           |                     |                                |
| Developer Advance                                | 161,140                   | -                   | 161,140                        |
| Repay Developer Advance                          | (27,857)                  | -                   | (27,857)                       |
| Total Other Financing Sources                    | <u>133,283</u>            | <u>-</u>            | <u>133,283</u>                 |
| <b>NET CHANGE IN FUND BALANCES</b>               | (20,305)                  | -                   | (20,305)                       |
| Fund Balances - Beginning of Year                | <u>(1,455)</u>            | <u>-</u>            | <u>(1,455)</u>                 |
| <b>FUND BALANCES - END OF YEAR</b>               | <u><u>\$ (21,760)</u></u> | <u><u>\$ -</u></u>  | <u><u>\$ (21,760)</u></u>      |

See accompanying Notes to Basic Financial Statements.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2025**

|                                                        |             |
|--------------------------------------------------------|-------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (20,305) |
|--------------------------------------------------------|-------------|

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

|                |           |
|----------------|-----------|
| Capital Outlay | 8,508,819 |
|----------------|-----------|

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

|                         |           |
|-------------------------|-----------|
| Developer Advance       | (161,140) |
| Repay Developer Advance | 27,857    |

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

|                                                |                 |
|------------------------------------------------|-----------------|
| Accrued Interest Payable - Change in Liability | <u>(19,329)</u> |
|------------------------------------------------|-----------------|

|                                                    |                            |
|----------------------------------------------------|----------------------------|
| Changes in Net Position of Governmental Activities | <u><u>\$ 8,335,902</u></u> |
|----------------------------------------------------|----------------------------|

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**GENERAL FUND –**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2025**

|                                                  | Budget    |           | Actual      | Variance with                          |
|--------------------------------------------------|-----------|-----------|-------------|----------------------------------------|
|                                                  | Original  | Final     | Amounts     | Final Budget<br>Positive<br>(Negative) |
| <b>REVENUES</b>                                  |           |           |             |                                        |
| Intergovernmental Revenues                       | 27,159    | \$ 28,928 | \$ 28,927   | \$ (1)                                 |
| Homeowner Association Irrigation                 | 1,500     | -         | -           | -                                      |
| Total Revenues                                   | 28,659    | 28,928    | 28,927      | (1)                                    |
| <b>EXPENDITURES</b>                              |           |           |             |                                        |
| Accounting                                       | 22,000    | 25,500    | 39,102      | (13,602)                               |
| Contingency                                      | 5,000     | 7,000     | -           | 7,000                                  |
| District Management                              | 36,000    | 30,000    | 36,000      | (6,000)                                |
| Dues And Membership                              | 2,500     | 900       | 874         | 26                                     |
| Election                                         | -         | -         | 4,313       | (4,313)                                |
| Insurance                                        | 8,400     | 2,700     | 2,676       | 24                                     |
| Land Lease                                       | 26,000    | -         | -           | -                                      |
| Landscaping                                      | 10,000    | 2,700     | 9,558       | (6,858)                                |
| Legal                                            | 12,000    | 31,500    | 29,130      | 2,370                                  |
| Miscellaneous                                    | -         | 500       | 5,181       | (4,681)                                |
| Repairs And Maintenance                          | 25,000    | 36,000    | 37,952      | (1,952)                                |
| Utilities                                        | 5,000     | 250       | 314         | (64)                                   |
| Water                                            | 16,500    | 17,500    | 17,415      | 85                                     |
| Total Expenditures                               | 168,400   | 154,550   | 182,515     | (27,965)                               |
| <b>EXCESS OF REVENUES UNDER<br/>EXPENDITURES</b> | (139,741) | (125,622) | (153,588)   | (27,966)                               |
| <b>OTHER FINANCING SOURCES (USES)</b>            |           |           |             |                                        |
| Developer Advance                                | 140,341   | 153,427   | 161,140     | 7,713                                  |
| Repay Developer Advance                          | -         | (25,450)  | (27,857)    | (2,407)                                |
| Total Other Financing Sources                    | 140,341   | 127,977   | 133,283     | 5,306                                  |
| <b>NET CHANGE IN FUND BALANCE</b>                | 600       | 2,355     | (20,305)    | (22,660)                               |
| Fund Balance - Beginning of Year                 | 300       | (1,455)   | (1,455)     | -                                      |
| <b>FUND BALANCE - END OF YEAR</b>                | \$ 900    | \$ 900    | \$ (21,760) | \$ (22,660)                            |

See accompanying Notes to Basic Financial Statements.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1    DEFINITION OF REPORTING ENTITY**

Redlands 360 Metropolitan District No. 9 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court on June 17, 2020 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 City of Grand Junction, Colorado on June 17, 2020. The District's service area is located in Mesa County, Colorado. The District was established to provide public improvements and services including, but not limited to, water, wastewater, storm drainage, streets, parks, trails, landscaping, and other public infrastructure.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and inter-governmental revenues.

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

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and sales and use taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards**

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. 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.

**Leases**

The District determines if an arrangement is a lease at inception. Leases are included as right-to-use assets in capital assets and as leases payable in noncurrent liabilities in the statement of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position. For individual lease contracts where information about the discount rate implicit in the lease is not included, the District has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 incurred expenditures in excess of the appropriations for the year ended December 31, 2025 and is in the process of amending its budget for the General and Capital Projects Funds as required by state law.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**Property Taxes**

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

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

The District currently levies no property taxes.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 or business-type 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Construction in progress includes costs associated with the construction of capital assets. Upon completion, such costs are transferred to the appropriate capital asset category and depreciation commences.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**Deferred Inflow/Outflow of Resources**

In addition to assets, the statement of net position reports 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 and so will not be recognized as an outflow of resources (expense/expenditures) until that time. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category.

**Equity**

**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 Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

Fund Balance (Continued)

The following classifications describe the relative strength of the spending constraints:

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

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**NOTE 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              | \$ 5,306        |
| Cash and Investments - Restricted | 900             |
| Total Cash and Investments        | <u>\$ 6,206</u> |

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

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

|                                      |                 |
|--------------------------------------|-----------------|
| Deposits with Financial Institutions | <u>\$ 6,206</u> |
|--------------------------------------|-----------------|

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102.00% 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.

On December 31, 2025, the District's cash deposits had a bank and carrying balance of \$6,206.

**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 noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- \* Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2025, the District had no investments.

**NOTE 4 CAPITAL ASSETS**

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

|                                        | Balance at<br>December 31,<br>2024 | Increases    | Decreases | Balance at<br>December 31,<br>2025 |
|----------------------------------------|------------------------------------|--------------|-----------|------------------------------------|
| <b>Governmental Activities:</b>        |                                    |              |           |                                    |
| Capital Assets, Not Being Depreciated: |                                    |              |           |                                    |
| Construction in Progress               | \$ -                               | \$ 8,508,819 | \$ -      | \$ 8,508,819                       |

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS**

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

|                               | Balance at<br>December 31,<br>2024 | Additions         | Reductions       | Balance at<br>December 31,<br>2025 | Due<br>Within<br>One Year |
|-------------------------------|------------------------------------|-------------------|------------------|------------------------------------|---------------------------|
| Other Debts:                  |                                    |                   |                  |                                    |                           |
| Developer Advance - Operating | \$ 194,362                         | \$ 161,140        | \$ 27,857        | \$ 327,645                         | \$ -                      |
| Accrued Interest on:          |                                    |                   |                  |                                    |                           |
| Developer Advance - Operating | 21,288                             | 19,329            | -                | 40,617                             | -                         |
| Total Long-Term Obligations   | <u>\$ 215,650</u>                  | <u>\$ 180,469</u> | <u>\$ 27,857</u> | <u>\$ 368,262</u>                  | <u>\$ -</u>               |

**Authorized Debt**

Pursuant to the Consolidated Service Plan for the Redlands 360 Metropolitan Districts Nos. 1–9 (the Service Plan), the District is permitted to issue bond indebtedness subject to a total debt issuance limitation of \$60,000,000 (the Service Plan Debt Issuance Limit). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit, except that such limitation is not applicable to refundings of debt authorized to be issued under the Service Plan.

The District has voter authorization in excess of the Service Plan Debt Issuance Limit because, at the time of the election, the actual costs of construction of public improvements were not known. Without knowing the costs of construction, it was not possible to allocate the Service Plan Debt Issuance Limit by specific service powers (such as water, sewer, or streets). Accordingly, the Service Plan Debt Issuance Limit was voted in each power relative to debt for public improvements.

On May 3, 2022, a majority of the qualified electors of Redlands 360 Metropolitan District No. 9 authorized the issuance of indebtedness in an amount not to exceed \$840,000,000, at an interest rate not to exceed 18% per annum, pursuant to multiple ballot issues approved at the regular election.

At December 31, 2025, the District had authorized but unissued indebtedness of \$840,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances**

The District has entered into Funding and Reimbursement Agreement(s) with the Developer as follows:

On September 8, 2022, the District entered into an Operation Funding and Reimbursement Agreement to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at the rate of 8% (see Note 8 Agreements for additional information). As of December 31, 2025, outstanding advances under the agreement totaled \$327,645 and accrued interest totaled \$40,617.

**NOTE 6 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

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

|                          |                            |
|--------------------------|----------------------------|
|                          | Governmental<br>Activities |
| Restricted Net Position: |                            |
| Emergencies              | <u>\$          900</u>     |

**NOTE 7 RELATED PARTY**

The Developer of the property which constitutes the District is Redlands Three Sixty, LLC. The Developer has advanced funds to the District. The majority of the members of the Board of Directors are employees, owners, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District. The Developer advanced funds to the District pursuant to the following agreements (see Note 5 - Long-Term Obligations and Note 8 - Agreements for additional information):

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 7 RELATED PARTY (CONTINUED)**

**Reimbursement Agreement**

- Purpose: To pay general, administrative, operations, and maintenance costs of the District(s).
- Parties: Redlands 360 Metropolitan District Nos. 1–9 and Redlands Three Sixty, LLC
- Effective Date: September 8, 2022
- Interest Rate: 8% simple interest on outstanding advances
- Principal Balance at December 31, 2025: \$327,645
- Accrued Interest Balance at December 31, 2025: \$40,617

**NOTE 8 AGREEMENTS**

**Intergovernmental Agreement with Redlands 360 Metropolitan Districts Nos. 1–8**

The District entered into an Intergovernmental District Facilities Construction and Service Agreement dated September 8, 2022, with Redlands 360 Metropolitan Districts Nos. 1–8 (the Districts). Under the agreement, the District serves as the Operating District and is responsible for the construction, ownership (subject to dedication), operation, and maintenance of certain public improvements benefiting all participating districts. The Districts agree to contribute revenues derived from their respective debt service and operations and maintenance mill levies toward the costs of public improvements and related operations.

The agreement allows for the issuance of bonds by one or more districts to finance public improvements, subject to the limitations contained in the Service Plan and applicable voter authorizations. Title to certain public improvements may be dedicated to the City of Grand Junction or retained by the District, depending on the nature of the improvement. The agreement may be terminated by either party upon proper notice, at which time ownership and operational responsibilities for improvements are addressed pursuant to the agreement.

**Intergovernmental Agreement with the City of Grand Junction**

In February 2022, the District entered into a Master Intergovernmental Agreement with the City of Grand Junction, Colorado, governing the construction, dedication, operation, and maintenance of public improvements within the District's service area. Under the agreement, certain public improvements constructed by the District are to be dedicated to and accepted by the City, while others are retained and maintained by the District. The District is responsible for the costs of operation and maintenance of retained improvements and for compliance with applicable City standards and requirements.

The agreement also establishes limitations related to debt issuance, inclusion of property within District boundaries, and dissolution, and requires annual reporting to the City.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 8    AGREEMENTS (CONTINUED)**

**Easter Hill Homeowners Association Agreement**

In March 2023, the District entered into an agreement with Easter Hill Homeowners Association, Inc. (EHHOA) and Grand Junction Land Company, LLC related to the construction and operation of an irrigation water delivery system. Under the agreement, the District is responsible for constructing, operating, and maintaining an upgraded irrigation delivery system serving both the District and EHHOA. Upon completion of the delivery system, EHHOA released its existing easement and was granted a new easement in the as-built location of the system.

A First Amendment to the agreement dated March 29, 2024, modified the timing of certain Phase 2 improvements and revised the annual operation and maintenance fee payable by EHHOA. Until completion of the new pump station, EHHOA is required to pay the District an annual fee of \$1,200 for its share of operating and maintenance costs. Upon completion of the remaining Phase 2 improvements, costs will be shared proportionately based on water usage.

**Land Lease Agreement**

The District entered into a Lease Agreement with Grand Junction Land Company, LLC, effective January 1, 2023, for certain real property consisting of trailheads and trails providing public access to open space owned by the District. The lease automatically renews on an annual basis unless terminated by either party with proper notice. Annual rent under the lease is nominal. The District is responsible for maintenance, insurance, and property taxes associated with the leased property. The District has identified the lease as short-term under GASB 87 and, therefore, has not recorded in the government-wide financial statements.

A First Amendment to the Lease Agreement, dated June 14, 2023, revised the legal description of the leased property. All other terms of the lease remain in effect.

**Reimbursement Agreement – Operations**

The District, along with Districts Nos. 1 – 8, entered into a Reimbursement Agreement dated September 8, 2022, with Redlands Three Sixty, LLC (the Developer), pursuant to which the Developer may advance funds to the Districts for administrative and operating expenditures.

The Districts are obligated to reimburse the Developer for such advances, together with interest at 8.0% per annum, calculated on a simple interest basis from the date of each advance.

The Agreement automatically renews annually unless terminated by either party upon prior written notice.

As of December 31, 2025, amounts payable under this Agreement totaled \$368,262.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 9 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft 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 (the 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 property, liability, and workers' compensation 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.

**NOTE 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 that 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 3.00% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 3, 2022, 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 TABOR.

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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., 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.

## **SUPPLEMENTARY INFORMATION**

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9  
CAPITAL PROJECTS FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2025**

|                                                 | Budget           |                  | Actual           | Variance with                          |
|-------------------------------------------------|------------------|------------------|------------------|----------------------------------------|
|                                                 | Original         | Final            | Amounts          | Final Budget<br>Positive<br>(Negative) |
| <b>REVENUES</b>                                 |                  |                  |                  |                                        |
| Intergovernmental Revenues                      | \$ 6,500,000     | \$ 8,500,000     | \$ 8,508,819     | \$ 8,819                               |
| Total Revenues                                  | <u>6,500,000</u> | <u>8,500,000</u> | <u>8,508,819</u> | <u>8,819</u>                           |
| <b>EXPENDITURES</b>                             |                  |                  |                  |                                        |
| Capital Outlay                                  | 6,500,000        | 8,350,000        | 8,401,707        | (51,707)                               |
| Organization Costs                              | 150,000          | 150,000          | 107,112          | 42,888                                 |
| Total Expenditures                              | <u>6,650,000</u> | <u>8,500,000</u> | <u>8,508,819</u> | <u>(8,819)</u>                         |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | (150,000)        | -                | -                | -                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                  |                  |                  |                                        |
| Developer Advance                               | <u>150,000</u>   | <u>-</u>         | <u>-</u>         | <u>-</u>                               |
| Total Other Financing Sources                   | <u>150,000</u>   | <u>-</u>         | <u>-</u>         | <u>-</u>                               |
| <b>NET CHANGE IN FUND BALANCE</b>               | -                | -                | -                | -                                      |
| Fund Balance - Beginning of Year                | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>                               |
| <b>FUND BALANCE - END OF YEAR</b>               | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>                            |

## OTHER INFORMATION

**REDLANDS 360 METROPOLITAN DISTRICT NO. 9**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2025**

| Year Ended<br>December 31,                   | Assessed<br>Valuation | Percent<br>Change | Total Mills Levied    |                 |       | Total Property Taxes |           |
|----------------------------------------------|-----------------------|-------------------|-----------------------|-----------------|-------|----------------------|-----------|
|                                              |                       |                   | General<br>Operations | Debt<br>Service | Total | Levied               | Collected |
| 2021/2022                                    | \$ 31,120             | N/A               | \$ -                  | \$ -            | \$ -  | \$ -                 | \$ -      |
| 2022/2023                                    | 32,070                | 3.1%              | -                     | -               | -     | -                    | -         |
| 2023/2024                                    | 45,030                | 40.4%             | -                     | -               | -     | -                    | -         |
| 2024/2025                                    | 46,100                | 2.4%              | -                     | -               | -     | -                    | -         |
| Estimated for<br>Year Ending<br>December 31, |                       |                   |                       |                 |       |                      |           |
| 2026                                         | \$ 106,230            | 130.4%            | \$ -                  | \$ -            | -     |                      |           |

**Note:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: Mesa County Assessor and Treasurer.