# HM METROPOLITAN DISTRICT NO. 1
## Adams County, Colorado

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

## YEAR ENDED DECEMBER 31, 2025

HM METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2025


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WIPFLI

Board of Directors
HM Metropolitan District No. 1
Adams County, Colorado

# Independent Auditor's Report

## Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of HM Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of HM Metropolitan District No. 1 as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

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

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), 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.

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## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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

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## Other Matters

Required Supplementary Information

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

Supplementary Information

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

Wipfli LLP

Wipfli LLP
Denver, Colorado

June 29, 2026

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# BASIC FINANCIAL STATEMENTS

**HM METROPOLITAN DISTRICT NO. 1**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2025**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and Investments | $ 52,760 |
| Cash and Investments - Restricted | 3,157,909 |
| Accounts Receivable | 6,441,710 |
| Due from HM Metropolitan District No. 2 | 2,565 |
| Due from HM Metropolitan District No. 3 | 118,415 |
| Prepaid Expenses | 6,412 |
| Property Tax Receivable | 51 |
| Capital Assets: | |
| Capital Assets Not Being Depreciated | 64,493,021 |
| Capital Assets Net of Depreciation | 7,846,859 |
| Total Assets | 82,119,702 |
| **LIABILITIES** | |
| Accounts Payable | 964,013 |
| Retainage Payable | 2,353,257 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 237,143 |
| Total Liabilities | 3,554,413 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred Property Tax | 51 |
| Total Deferred Inflows of Resources | 51 |
| **NET POSITION** | |
| Net Investment in Capital Assets | 7,846,859 |
| Restricted for: | |
| Emergency Reserve | 2,900 |
| Capital Projects | 4,054,846 |
| Unrestricted | 66,660,633 |
| Total Net Position | $ 78,565,238 |

*See accompanying Notes to Basic Financial Statements.*

**HM METROPOLITAN DISTRICT NO. 1**
**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 Revenues (Expenses) and Change in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| General Government | $ 428,649 | $ - | $ 89,690 | $ - | $ (338,959) |
| Interest on Long-Term Debt and Related Costs | 13,986 | - | - | - | (13,986) |
| Public Works | 250,975 | - | - | 25,059,455 | 24,808,480 |
| Total Governmental Activities | $ 442,635 | $ - | $ 89,690 | $ - | 24,455,535 |
| **GENERAL REVENUES** | | | | | |
| Interest Income | | | | | 100,146 |
| Other Revenue | | | | | 9,102,638 |
| Total General Revenues | | | | | 9,202,784 |
| **CHANGE IN NET POSITION** | | | | | 33,658,319 |
| Net Position - Beginning of Year | | | | | 44,906,919 |
| **NET POSITION - END OF YEAR** | | | | | $ 78,565,238 |

*See accompanying Notes to Basic Financial Statements.*

# HM METROPOLITAN DISTRICT NO. 1
# BALANCE SHEET
# GOVERNMENTAL FUNDS
# DECEMBER 31, 2025

| | General | Capital Projects | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Investments | $ 52,760 | $ - | $ 52,760 |
| Cash and Investments - Restricted | 2,900 | 3,155,009 | 3,157,909 |
| Accounts Receivable | - | 6,441,710 | 6,441,710 |
| Due from HM Metropolitan District No. 2 | 2,565 | - | 2,565 |
| Due from HM Metropolitan District No. 3 | - | 118,415 | 118,415 |
| Prepaid Expenses | 6,412 | - | 6,412 |
| Property Tax Receivable | 51 | - | 51 |
| Total Assets | $ 64,688 | $ 9,715,134 | $ 9,779,822 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | |
| **LIABILITIES** | | | |
| Accounts Payable | $ 10,239 | $ 953,774 | $ 964,013 |
| Retainage Payable | - | 2,353,257 | 2,353,257 |
| Total Liabilities | 10,239 | 3,307,031 | 3,317,270 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred Property Tax | 51 | - | 51 |
| Total Deferred Inflows of Resources | 51 | - | 51 |
| **FUND BALANCES** | | | |
| Nonspendable: | | | |
| Prepaid Expense | 6,412 | - | 6,412 |
| Restricted for: | | | |
| Emergency Reserves | 2,900 | - | 2,900 |
| Capital Projects | - | 4,054,846 | 4,054,846 |
| Committed: | | | |
| Capital Projects | - | 2,353,257 | 2,353,257 |
| Assigned to: | | | |
| Subsequent Year's Expenditures | 45,086 | - | 45,086 |
| Total Fund Balances | 54,398 | 6,408,103 | 6,462,501 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 64,688 | $ 9,715,134 | |
| 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. | | | |
| Capital Assets, Not Being Depreciated | | | 72,339,880 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | | |
| Developer Advances Payable | | | (174,827) |
| Developer Advance Interest Payable | | | (62,316) |
| Net Position of Governmental Activities | | | $ 78,565,238 |

*See accompanying Notes to Basic Financial Statements.*

**HM METROPOLITAN DISTRICT NO. 1**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**YEAR ENDED DECEMBER 31, 2025**

| | General | Capital Projects | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Transfers from HM Metropolitan District No. 2 | $ 89,690 | $ 19,708,082 | $ 19,797,772 |
| Transfers from HM Metropolitan District No. 3 | - | 5,212,655 | 5,212,655 |
| Other Revenue from Cost Sharing Agreements | - | 9,102,637 | 9,102,637 |
| Interest Income | 4,206 | 95,940 | 100,146 |
| Other Revenue | 1 | - | 1 |
| Reimbursed Expenditures | - | 138,718 | 138,718 |
| Total Revenues | 93,897 | 34,258,032 | 34,351,929 |
| **EXPENDITURES** | | | |
| General: | | | |
| Accounting | 48,680 | 7,900 | 56,580 |
| Audit | 14,098 | - | 14,098 |
| Construction Management | - | 25,173 | 25,173 |
| District Management | 41,509 | - | 41,509 |
| Dues and Licenses | 805 | - | 805 |
| Election | 14,598 | - | 14,598 |
| Insurance | 6,928 | - | 6,928 |
| Landscaping | - | 87,276 | 87,276 |
| Legal | 23,870 | 38,053 | 61,923 |
| Miscellaneous | 3,478 | - | 3,478 |
| Utilities | 2,538 | 92,573 | 95,111 |
| Capital: | | | |
| Capital Outlay | - | 31,630,671 | 31,630,671 |
| Engineering | - | 13,952 | 13,952 |
| Total Expenditures | 156,504 | 31,895,598 | 32,052,102 |
| **NET CHANGE IN FUND BALANCES** | (62,607) | 2,362,434 | 2,299,827 |
| Fund Balances - Beginning of Year | 117,005 | 4,045,669 | 4,162,674 |
| **FUND BALANCES - END OF YEAR** | $ 54,398 | $ 6,408,103 | $ 6,462,501 |

*See accompanying Notes to Basic Financial Statements.*

**HM METROPOLITAN DISTRICT NO. 1**
**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 | $ 2,299,827 |
| 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 | 31,644,623 |
| Depreciation Expense | (272,145) |
| 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 on Developer Advance - Change in Liability | (13,986) |
| Changes in Net Position of Governmental Activities | $ 33,658,319 |

*See accompanying Notes to Basic Financial Statements.*

**HM METROPOLITAN DISTRICT NO. 1**
**GENERAL FUND**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2025**

| | Budget | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| **REVENUES** | | | | |
| Transfers from HM Metropolitan District No. 2 | $ 107,114 | $ 89,266 | $ 89,690 | $ 424 |
| Interest Income | 5,000 | 5,000 | 4,206 | (794) |
| Other Revenue | - | 1 | 1 | - |
| Total Revenues | 112,114 | 94,267 | 93,897 | (370) |
| **EXPENDITURES** | | | | |
| Accounting | 52,000 | 51,000 | 48,680 | 2,320 |
| Audit | 14,000 | 14,098 | 14,098 | - |
| Contingency | 4,000 | 3,071 | - | 3,071 |
| District Management | 20,000 | 55,000 | 41,509 | 13,491 |
| Dues and Licenses | 1,500 | 805 | 805 | - |
| Election | 5,000 | 14,598 | 14,598 | - |
| Insurance | 7,000 | 6,928 | 6,928 | - |
| Legal | 45,000 | 35,000 | 23,870 | 11,130 |
| Miscellaneous | 500 | 2,000 | 3,478 | (1,478) |
| Utilities | 30,000 | 2,500 | 2,538 | (38) |
| Total Expenditures | 179,000 | 185,000 | 156,504 | 28,496 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (66,886) | (90,733) | (62,607) | 28,126 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Developer Advance | - | 9,000 | - | (9,000) |
| Total Other Financing Sources (Uses) | - | 9,000 | - | (9,000) |
| **NET CHANGE IN FUND BALANCE** | (66,886) | (81,733) | (62,607) | 19,126 |
| Fund Balance - Beginning of Year | 131,823 | 117,005 | 117,005 | - |
| **FUND BALANCE - END OF YEAR** | $ 64,937 | $ 35,272 | $ 54,398 | $ 19,126 |

*See accompanying Notes to Basic Financial Statements.*

## NOTE 1 DEFINITION OF REPORTING ENTITY

HM Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Adams County, Colorado recorded on November 22, 2019, 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 Aurora (the City). The District is located in the City.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including street, safety protection, park and recreation, transportation, retaining walls, trails, open space, landscaping, drainage improvements, and irrigation system improvements.

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 property taxes and intergovernmental 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.

## 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 as general revenues.

Separate financial statements are provided for the 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. Redemption of bonds is recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 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.

## 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 amended its budget for the year ending December 31, 2025.

### 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 and investments.

### Capital Assets

Capital assets, which include infrastructure assets, 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. 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.

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 the net investment in capital assets.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

| | |
|---|---|
| Drainage and Trails | 30 Years |

### 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.

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

**Equity (Continued)**

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. 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.

**Adoption of New Accounting Standards**

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

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

**Adoption of New Accounting Standards (Continued)**

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.

## 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 | $ 52,760 |
| Cash and Investments - Restricted | 3,157,909 |
| Total Cash and Investments | $ 3,210,669 |

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

| | |
|---|---|
| Deposits with Financial Institutions | $ 1,515,211 |
| Investments | 1,695,458 |
| Total Cash and Investments | $ 3,210,669 |

**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. 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% 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.

At December 31, 2025, the District's cash deposits had a bank and carrying balance of $1,515,211.

**Investments**

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

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

### Investments (Continued)

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.

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 the following investments:

| Investment | Maturity | Amount |
|---|---|---|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted Average Under 60 Days | $ 1,695,458 |

### CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

**CSAFE (Continued)**

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE.

CSAFE CASH FUND is rated AAAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

## NOTE 4 CAPITAL ASSETS

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

| | Balance - December 31, 2024 | Increases | Decreases | Balance - December 31, 2025 |
|---|---|---|---|---|
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in Progress | $ 32,848,398 | $ 31,644,623 | $ - | $ 64,493,021 |
| Total Capital Assets, Not Being Depreciated | 32,848,398 | 31,644,623 | - | 64,493,021 |
| Capital Assets, Being Depreciated: | | | | |
| Drainage and Trails | 8,164,362 | - | - | 8,164,362 |
| Total Capital Assets, Being Depreciated | 8,164,362 | - | - | 8,164,362 |
| Less Accumulated Depreciation For: | | | | |
| Drainage and Trails | 45,358 | 272,145 | - | 317,503 |
| Total Accumulated Depreciation | 45,358 | 272,145 | - | 317,503 |
| Total Capital Assets, Being Depreciated, Net | 8,119,004 | (272,145) | - | 7,846,859 |
| Governmental Activities Capital Assets, Net | $ 40,967,402 | $ 31,372,478 | $ - | $ 72,339,880 |

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

## NOTE 5 LONG-TERM OBLIGATIONS

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

| | Balance - December 31, 2024 | Additions | Retirements | Balance - December 31, 2025 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Developer Advances: | | | | | |
| Operations | $ 174,827 | $ - | $ - | $ 174,827 | $ - |
| Accrued Interest on Developer Advances: | | | | | |
| Operations | 48,330 | 13,986 | - | 62,316 | - |
| Total | $ 223,157 | $ 13,986 | $ - | $ 237,143 | $ - |

### Debt Authorization

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to $500,000,000 (Service Plan Debt Issuance Limit). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Service Plan.

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power relative to debt for public improvements. With that understanding, on November 5, 2019, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $6,500,000,000. At December 31, 2025, the District had authorized but unissued indebtedness of $6,500,000,000, subject to the Service Plan Debt Issuance Limit.

## NOTE 6 AGREEMENTS

### Facilities Funding, Construction, and Operations Intergovernmental Agreement

On December 1, 2021, the District (the Maintenance District) entered into a Facilities Funding, Construction and Operations Agreement with HM Metropolitan District Nos. 2, 4, 5, 6, 7, 8, and 9 (collectively, the Taxing Districts) (FFCOA). The FFCOA sets forth the terms pursuant to which the Maintenance District will own, operate, maintain, finance, and construct certain Public Improvements, and the Taxing Districts will contribute to the costs of construction, operation, management and maintenance of such Public Improvements. Under the FFCOA, a Taxing District will remit Bond (as defined therein) proceeds to the Maintenance District for the reimbursement of Developer Advances (as defined therein) made for Public Improvements (as defined therein) or to fund additional actual capital costs in connection with Public Improvements necessary for development.

During 2025, the Taxing Districts made transfers in the amount of $89,690 to the Maintenance District under this agreement.

## NOTE 6 AGREEMENTS (CONTINUED)

**Cost Sharing and Reimbursement Agreement – Denali Street between 60th Avenue and 66th Avenue**

On August 20, 2020, the District and Colorado International Center Metropolitan District No. 11 (CIC 11) entered into a Cost Sharing and Reimbursement Agreement – Denali Street between 60th Avenue and 66th Avenue (Denali St 60th to 66th Cost Sharing Agreement). The Denali St 60th to 66th Cost Sharing Agreement sets forth the terms and conditions pursuant to which the District and CIC 11 will share the costs of the design of Denali Street between 60th Avenue and 66th Avenue and the terms upon which additional design and construction of shared public improvements may be determined. Pursuant to the Denali St 60th to 66th Cost Sharing Agreement, CIC 11 will undertake the design of Denali Street between 60th Avenue and 66th Avenue and the District will reimburse CIC 11 for 50% of the costs associated therewith, subject to the terms of the Denali St 60th to 66th Cost Sharing Agreement. The Denali St 60th to 66th Cost Sharing Agreement will terminate upon completion of the design, approval of such design by the City, and payment of all outstanding invoices, or if additional design or improvements are added by future amendment, upon completion and full payment of the additional projects.

**Cost Sharing and Reimbursement Agreement – 60th Avenue Design**

On November 16, 2020, the District and Highpoint Acquisitions LLC (Hyde) entered into a Cost Sharing and Reimbursement Agreement – 60th Avenue Design, as amended by the Amendment No. 1 Cost Sharing and Reimbursement Agreement – 60th Avenue Design dated September 16, 2021 (60th Avenue Cost Sharing Agreement). The 60th Avenue Cost Sharing Agreement sets forth the terms and conditions pursuant to which the District and Hyde will share in the costs of the design of 60th Avenue. Pursuant to the 60th Avenue Cost Sharing Agreement, the District will undertake the design of 60th Avenue and Hyde will reimburse the District for its portion of such costs, subject to the terms of the 60th Avenue Cost Sharing Agreement. The 60th Avenue Cost Sharing Agreement will terminate upon completion of the design, approval of such design by the City, and payment of all outstanding invoices, or if additional design or improvements are added pursuant to an amendment to the 60th Avenue Cost Sharing Agreement, upon completion and full payment of the additional projects.

**Cost Sharing and Reimbursement Agreement – Denali Street Design from 66th Avenue to 68th Avenue**

On April 12, 2021, the District and Highpoint Bulwip Acquisitions LLC (Highpoint Bulwip) entered into a Cost Sharing and Reimbursement Agreement - Denali Street Design from 66th Avenue to 68th Avenue (Denali St – 66th to 68th Cost Sharing Agreement). The Denali St - 66th to 68th Cost Sharing Agreement sets forth the terms and conditions pursuant to which the District and Highpoint Bulwip will share in the costs of the design of Denali Street from 66th Avenue to 68th Avenue. Pursuant to the Denali St - 66th to 68th Cost Sharing Agreement, Highpoint Bulwip will undertake the design of Denali Street from 66th Avenue to 68th Avenue and the District will reimburse Highpoint Bulwip for its proportion of such costs, subject to the terms of the Denali St – 66th to 68th Cost Sharing Agreement. The Denali St - 66th to 68th Cost Sharing Agreement will terminate upon completion of the design, approval of such design by the City, and payment of all outstanding invoices, or if additional design or improvements are added pursuant to an amendment to the Denali St - 66th to 68th Cost Sharing Agreement, upon completion and full payment of the additional projects.

## NOTE 6 AGREEMENTS (CONTINUED)

**Cost Sharing and Reimbursement Agreement – Harvest Road between 56th Avenue and 64th Avenue**

On July 5, 2021, the District and Velocity Metropolitan District No. 1 (VMD 1) entered into a Cost Sharing and Reimbursement Agreement (Harvest Road Cost Sharing IGA). The Harvest Road Cost Sharing IGA sets forth the terms and conditions pursuant to which the District will undertake the design of Harvest Road between 56th Avenue and 64th Avenue (Harvest Road) and VMD 1 will reimburse the District for 50% of the costs associated therewith, subject to the terms of the Harvest Road Cost Sharing IGA. The Harvest Road Cost Sharing IGA will terminate upon completion of the design of Harvest Road (or, if other design or construction projects are added thereto by amendment, upon completion of such additional projects), approval of such design by the parties and the City, payment of all outstanding invoices, and delivery to VMD 1 of all design documents and work product described in the Harvest Road Cost Sharing IGA, as more fully set forth in the Harvest Road Cost Sharing IGA.

On March 8, 2023, the District and VMD 1 entered into the First Amendment to Cost Sharing and Reimbursement Agreement (First Amendment to Harvest Road Cost Sharing IGA) to address the construction and installation of the concrete box culverts at Second Creek and Gopher Gulch. Pursuant to the First Amendment to Harvest Road Cost Sharing IGA, the District will undertake the construction and installation of the respective box culverts and VMD1 will reimburse the District in the amount of 23% of such costs associated with the box culverts at Gopher Culch and 50% for such costs associated with the box culverts at Second Creek, (subject to the terms of the First Amendment to Harvest Road Cost Sharing IGA). The First Amendment to Harvest Road Cost Sharing IGA will terminate upon final acceptance by and conveyance of the box culverts to the City, as more fully set forth in the First Amendment to Harvest Road Cost Sharing IGA.

On June 1, 2023, the District and VMD 1 entered into the Second Amendment to Cost Sharing and Reimbursement Agreement (Second Amendment to Harvest Road Cost Sharing IGA) to address the financing and construction of Harvest Road. Pursuant to the Second Amendment to Harvest Road Cost Sharing IGA, the District will undertake the construction and installation of Harvest Road, the District will finance $7,986,985 of such costs, and VMD 1 will finance $7,717,939 of such costs, subject to the terms of the Second Amendment to Harvest Road Cost Sharing IGA. The Second Amendment to Harvest Road Cost Sharing IGA will terminate upon final acceptance by and conveyance of Harvest Road to the City, as more fully set forth in the Second Amendment to Harvest Road Cost Sharing IGA.

On November 7, 2023, the District and VMD 1 entered into the Third Amendment to Cost Sharing and Reimbursement Agreement (Third Amendment to Harvest Road Cost Sharing IGA) to address the costs associated with the import of dirt needed for the construction of Harvest Road, which costs will be borne 50% by the District and 50% by VMD 1.

## NOTE 6 AGREEMENTS (CONTINUED)

**Cost Sharing and Reimbursement Agreement – 56th Avenue from E-470 on the West to Harvest Road on the East**

On September 10, 2021, the District and Windler Public Improvement Authority (Windler) entered into a Cost Sharing and Reimbursement Agreement relative to 56th Avenue from E-470 on the west to Harvest Road on the east (56th Avenue Cost Sharing Agreement). The 56th Avenue Cost Sharing Agreement sets forth the terms and conditions pursuant to which the District and Windler will share in the costs of the design of 56th Avenue from E-470 on the west to Harvest Road on the east. Pursuant to the 56th Avenue Cost Sharing Agreement, Windler will be responsible for the design of 56th Avenue from E-470 on the west to Harvest Road on the east and the District will reimburse Windler for 50% of the costs associated therewith, subject to the terms of the 56th Avenue Cost Sharing Agreement. The 56th Avenue Cost Sharing Agreement will terminate upon completion of the design (or, if other design or construction projects are added thereto by amendment, completion of such additional projects), approval of such design by the District, Windler and the City, payment of all outstanding invoices, and delivery to the District of all documents and work product, as described in the 56th Avenue Cost Sharing Agreement.

On June 29, 2023, the District and Windler entered into a First Amendment to Cost Sharing and Reimbursement Agreement (First Amendment to 56th Avenue Cost Sharing Agreement) setting forth the terms and conditions pursuant to which the District and Windler will share in the cost of the construction and installation of 56th Avenue from E-470 on the west to Harvest Road on the east. Pursuant to the First Amendment to 56th Avenue Cost Sharing Agreement, the District will be responsible for the construction and installation of 56th Avenue from E-470 on the west to Harvest Road on the east, the District will be responsible for funding $7,612,241 of such costs, and Windler will be responsible for funding $8,621,401 of such costs, subject to the terms of the First Amendment to 56th Avenue Cost Sharing Agreement. The First Amendment to 56th Avenue Cost Sharing Agreement will terminate upon final acceptance by and conveyance of 56th Avenue from E-470 on the west to Harvest Road on the east to the City, as set forth in the First Amendment to 56th Avenue Cost Sharing Agreement.

On September 30, 2024, the District and Windler entered into a Second Amendment to Cost Sharing and Reimbursement Agreement (Second Amendment to 56th Avenue Cost Sharing Agreement) setting forth the terms and conditions pursuant to which the District and Windler will share in the cost of the construction and installation of 56th Avenue from E-470 on the west to Harvest Road on the east. Pursuant to the Second Amendment to 56th Avenue Cost Sharing Agreement, the District will be responsible for the construction and installation of Landscaping on that portion of 56th Avenue between E-470 and Harvest Road, the District will be responsible for funding $8,302,947 of such costs, and Windler will be responsible for funding $11,970,667 of such costs, subject to the terms of the Second Amendment to 56th Avenue Cost Sharing Agreement.

## NOTE 6 AGREEMENTS (CONTINUED)

### Infrastructure Financing and Coordination Agreement Regarding Phase I Improvements

On March 29, 2022, the District, HM Metropolitan District No. 2 (District No. 2), HM Metropolitan District No. 3 (District No. 3), DIBC 56th Ave E-470, LLC, DIBC Cargo, LLC, Microsoft Corporation, and L.C. Fulenwider, Inc. (the Developer) entered into an Infrastructure Financing and Coordination Agreement Regarding Phase I (Phase I IFC Agreement). The Phase I IFC Agreement sets forth the parties' agreement with respect to the allocation of responsibility for funding, construction and reimbursement of funds advanced for construction of Phase I Improvements (as defined therein) according to the terms and conditions of the Phase I IFC Agreement. Pursuant to the Phase I IFC Agreement, the District will undertake the design, construction, and installation of all of the Phase I Improvements, including the acquisition of all applicable permits. The funding obligation for Phase I Improvements allocated to District Nos. 2 and 3 is $36,799,281 and $24,218,087, respectively, subject to the terms of the Phase I IFC Agreement. During 2025, the District received $19,708,082 from District No. 2 and $5,212,655 from District No. 3 pursuant to the Phase I IFC Agreement.

On September 4, 2024, the District, District No. 2, District No. 3, DIBC 56th and E-470, LLC, DIBC Cargo, LLC, Microsoft Corporation and the Developer approved a First Amendment to Infrastructure Financing and Coordination Agreement Regarding Phase 1 Improvements (First Amendment to Phase I IFC Agreement) setting forth the terms and conditions with respect to the allocation of responsibility for funding, construction and reimbursement of funds advanced for construction of Phase I Improvements (as defined therein) according to the terms and conditions of First Amendment to the Phase I IFC Agreement. The First Amendment to Phase I IFC Agreement provides the terms and conditions pursuant to which funds deposited by Microsoft Corporation may be used to fund the HM No. 3 Administrative Expenses.

### Infrastructure Financing and Coordination Agreement Regarding 60th Avenue Improvements

On June 1, 2022, the District and Hyde entered into an Infrastructure Financing and Coordination Agreement Regarding 60th Avenue Improvements (60th Avenue Construction Agreement). The 60th Avenue Construction Agreement sets forth the parties' agreement with respect to the allocation of responsibility for funding, construction, and reimbursement of funds advanced for construction of 60th Avenue. Pursuant to the 60th Avenue Construction Agreement, the District will undertake the construction and installation of 60th Avenue, including the acquisition of all applicable permits, the District will be responsible for 85.5% of the costs thereof, and Hyde will be responsible for 14.5% of costs thereof, subject to the terms of the 60th Avenue Construction Agreement. The 60th Avenue Construction Agreement terminates upon final acceptance by and conveyance of 60th Avenue to the City or Hyde, as fully set forth in the 60th Avenue Construction Agreement.

## NOTE 6 AGREEMENTS (CONTINUED)

**Second Creek Drainage Maintenance Intergovernmental Agreement**

On June 24, 2022, the District and the City, acting by and through its Utility Enterprise, entered into the Second Creek Drainage Maintenance Intergovernmental Agreement (Second Creek IGA). The Second Creek IGA governs the operation, maintenance and repair of the Second Creek Improvements (as defined in the Second Creek IGA). Pursuant to the Second Creek IGA, the District will, at its own expense, design and construct the Second Creek Improvements. Following completion of the Second Creek Improvements, the District will be responsible for maintenance of the Second Creek Improvements. The City will be responsible for any and all capital repairs and replacements of the Drainage Improvements (as defined in the Second Creek IGA), subject to the limitations set forth in the Second Creek IGA. The Second Creek IGA shall remain in effect until the parties mutually agree to terminate the same.

**Amended and Restated Intergovernmental Agreement – Regarding Cost Sharing of the Extension of Denali Street (60th Avenue to 66th Avenue)**

On December 7, 2022, the District, Aurora High Point at DIA Metropolitan District (Aurora High Point) and Colorado International Center Metropolitan District No. 7 (CIC 7) entered into an Amended and Restated Intergovernmental Agreement – Regarding Cost Sharing of the Extension of Denali Street (60th Avenue to 66th Avenue), as amended on February 17, 2023 (A/R Denali St 60th to 66th Cost Sharing Agreement). Pursuant to the A/R Denali St 60th to 66th Cost Sharing Agreement, the District, Aurora High Point, and CIC 7 agreed that Aurora High Point would coordinate construction of the Denali Street Improvements – Phase I (as defined therein) with each party contributing funds according to Exhibit A attached thereto. Pursuant to the A/R Denali St 60th to 66th Cost Sharing Agreement, CIC 7 will only participate in the funding of the Denali Street Improvements – Phase I, as they relate to the new pond at 68th Avenue. The A/R Denali St 60th to 66th Cost Sharing Agreement will terminate upon final acceptance by and conveyance of the Denali Street Improvements – Phase I to the City, as fully set forth in the A/R Denali St 60th to 66th Cost Sharing Agreement.

**Infrastructure Financing and Coordination Agreement – Denali Street from 66th Avenue to 68th Avenue Improvements**

On December 16, 2022, the District and CIC 7 entered into an Infrastructure Financing and Coordination Agreement – Denali Street from 66th Avenue to 68th Avenue Improvements (Denali St IFC Agreement). The Denali St IFC Agreement sets forth the parties' agreement with respect to the allocation of the responsibility for funding, construction, and reimbursement of funds advanced for construction of Denali Street from 66th Avenue and 68th Avenue. Pursuant to the Denali St IFC Agreement, CIC 7 will undertake the construction and installation of Denali Street from 66th Avenue and 68th Avenue and the District will reimburse CIC 7 for 50% of the costs associated therewith, subject to the terms of the Denali St IFC Agreement. The Denali St IFC Agreement will terminate upon final acceptance by and conveyance of Denali St from 66th Avenue to 68th Avenue to the City or the District, as fully set forth in the Denali St IFC Agreement.

## NOTE 6 AGREEMENTS (CONTINUED)

**68th Avenue Embankment and Hand Rail Maintenance Intergovernmental Agreement**

On August 22, 2024, the District and East Cherry Creek Valley Water and Sanitation District (ECCV) entered into a 68th Avenue Embankment and Hand Rail Maintenance Intergovernmental Agreement (68th Ave Maintenance IGA). Pursuant to the 68th Ave Maintenance IGA, the District and ECCV agreed that the District, at its sole expense, will undertake the construction, operations, and maintenance of the Embankment and the Hand Rail (both as defined therein), and Aurora will own the real property on where the Embankment and Hand Rail are located. The 68th Ave Maintenance IGA will continue until the Parties mutually agree to termination.

**Cost Sharing and Reimbursement Agreement – 56th Ave between Picadilly Road and E-470**

On June 25, 2025, the District and Aurora 310 Property LLC (Aurora 310) entered into a Cost Sharing and Reimbursement Agreement setting forth the terms and conditions pursuant to which the District and Aurora 310 will share in the costs of the design of that portion of 56th Avenue between Picadilly Road and E-470 and terms upon which additional design and construction of shared public improvements may be determined.

## NOTE 7 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had a net investment in capital assets of $7,846,859.

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 Activities |
|---|---|
| Restricted Net Position: | |
| Emergency Reserves | $ 2,900 |
| Capital Projects | 4,054,846 |
| Total Restricted Net Position | $ 4,057,746 |

## NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is L.C. Fulenwider Inc. Certain 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.

### Developer Advances

2019-2025 Facilities Funding and Acquisition Agreement

On December 2, 2020, with an effective date of November 22, 2019, the District and the Developer entered into a 2019-2025 Facilities Funding and Acquisition Agreement, as amended by that certain First Amendment to 2019-2025 Facilities Funding and Acquisition Agreement, dated December 3, 2025 to extend the term through fiscal year 2030 (FFAA). Pursuant to the FFAA, the Developer will advance up to $25,000,000 to the District for the payment of funds related to the design, testing, engineering, and construction of improvements within the District, together with the related consultant and management fees associated with the District's construction of the improvements. The District agrees to reimburse the Developer for such advances, together with interest at a rate of 8% per annum. The FFAA further provides that the Developer may construct public improvements for subsequent acquisition and/or reimbursement by the District in accordance with the terms therein. The District's obligation to reimburse the Developer under the FFAA expires on December 31, 2066. As of December 31, 2025, there was no outstanding amount pursuant to the FFAA.

2021-2022 Operation Funding Agreement

On December 1, 2021, the District and the Developer entered into a 2021-2022 Operation Funding Agreement (2021-2022 OFA). Pursuant to the 2021-2022 OFA, the Developer will provide advances to the District up to $230,000 (Shortfall Amount) to pay for operations, maintenance, and administrative expenses of the District and the District agrees to repay such advances, together with interest at a rate of 8% per annum. Pursuant to the terms of the 2021-2022 OFA, the Developer's obligation to fund the Shortfall Amount terminates on December 31, 2022. Further, the District's obligation to reimburse the Developer expires on December 31, 2062. As of December 31, 2025, the amount outstanding pursuant to the 2021-2022 OFA totaled $237,143, comprised of principal $174,827 and accrued interest of $62,316.

Operation Funding Agreement

On December 3, 2025, with an effective date of January 1, 2026, the District and the Developer entered into an Operation Funding Agreement (OFA). Pursuant to the OFA, the Developer will provide advances to the District up to $108,000 (Shortfall Amount) to pay for operations, maintenance, and administrative expenses of the District and the District agrees to repay such advances, together with interest at a rate of 8% per annum. Pursuant to the terms of the OFA, the Developer's obligation to fund the Shortfall Amount terminates on December 31, 2026. Subject to the provisions of Section 5 of the OFA, payments to the Developer shall be applied: (a) first to the 2021-2022 OFA accrued and unpaid interest and then to the 2021-2022 OFA principal amount due; and then (b) first to the accrued and unpaid interest and then to the principal amount due pursuant to the OFA. Further, the District's obligation to reimburse the Developer expires on December 31, 2066. As of December 31, 2025, no amount was outstanding pursuant to the OFA.

## NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be 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, workers' compensation, 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.

## NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 5, 2019, 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.

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

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

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

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

On May 6, 2025, the qualified electors of the District approved an election question to waive the 5.25% property tax limit established under Section 29-1-1702, C.R.S. for 2026 and all future budget years.

## SUPPLEMENTARY INFORMATION

**HM METROPOLITAN DISTRICT NO. 1**
**CAPITAL PROJECTS FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2025**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Transfers from HM Metropolitan District No. 2 | $ 30,013,730 | $ 19,708,082 | $ (10,305,648) |
| Transfers from HM Metropolitan District No. 3 | 7,833,423 | 5,212,655 | (2,620,768) |
| Other Revenue from Cost Sharing Agreements | 9,224,980 | 9,102,637 | (122,343) |
| Interest Income | 80,000 | 95,940 | 15,940 |
| Reimbursed Expenditures | - | 138,718 | 138,718 |
| Total Revenues | 47,152,133 | 34,258,032 | (12,894,101) |
| **EXPENDITURES** | | | |
| Accounting | 15,000 | 7,900 | 7,100 |
| Capital Outlay | 47,462,952 | 31,630,671 | 15,832,281 |
| Construction Management | - | 25,173 | (25,173) |
| Contingency | 1,482,048 | - | 1,482,048 |
| Engineering - Cost Verification | 15,000 | 13,952 | 1,048 |
| Landscaping | 200,000 | 87,276 | 112,724 |
| Legal | 25,000 | 38,053 | (13,053) |
| Utilities | - | 92,573 | (92,573) |
| Total Expenditures | 49,200,000 | 31,895,598 | 17,304,402 |
| **NET CHANGE IN FUND BALANCE** | (2,047,867) | 2,362,434 | 4,410,301 |
| Fund Balance - Beginning of Year | 2,787,104 | 4,045,669 | 1,258,565 |
| **FUND BALANCE - END OF YEAR** | $ 739,237 | $ 6,408,103 | $ 5,668,866 |

**HM METROPOLITAN DISTRICT NO. 1**
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**
**YEAR ENDED DECEMBER 31, 2025**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied General | Total Property Taxes Levied | Total Property Taxes Collected | Percentage Collected to Levied |
|---|---|---|---|---|---|
| 2021 | $ 10 | 0.000 | $ - | $ - | N/A |
| 2022 | 10 | 0.000 | - | - | N/A |
| 2023 | 560 | 5.000 | 3 | 6 | 200% |
| 2024 | 10 | 5.000 | - | - | N/A |
| 2025 | 10 | 5.000 | - | - | N/A |
| Estimated for the Year Ending December 31, 2026 | $ 10,100 | 5.000 | $ 51 | | |

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.