LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1

TOWN OF JOHNSTOWN, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ledge Rock Center Residential Metropolitan District No. 1
Town of Johnstown, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

BiggsKofford LLP

Colorado Springs, Colorado
September 11, 2026

LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION

DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 188
Cash and investments - restricted	3,091,139
Property taxes receivable	211,419
Due from Ledge Rock Center Residential Metropolitan District No. 2	12
Capital assets:	
Capital assets, not depreciable	6,801,919
Total assets	10,104,677
LIABILITIES	
Accounts payable	34,447
Accrued interest	69,859
Noncurrent liabilities:	
Due in more than one year	15,772,442
Total liabilities	15,876,748
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	211,419
Total deferred inflows of resources	211,419
NET POSITION	
Restricted for:	
Emergency reserve	2,500
Unrestricted	(5,985,990)
Total net position	$ (5,983,490)

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

LEDGE ROCK CENTER RESIDENTIAL 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 (Expenses) Revenues and Changes in Net Position: Governmental Activities
Primary government					
Government activities:					
General government	$ 106,610	$ -	$ -	$ -	$ (106,610)
Interest and related costs on long-term debt	1,144,295	-	-	-	(1,144,295)
Total government activities	$ 1,250,905	$ -	$ -	$ -	(1,250,905)
GENERAL REVENUES					
Property taxes					77,708
Specific ownership taxes					3,148
Interest income					171,765
Intergovernmental revenues					12
Total general revenues					252,633
Change in net position					(998,272)
Net position, beginning of year					(4,985,218)
Net position, end of year					$ (5,983,490)

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

LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	$ -	$ 188	$ -	$ 188
Cash and investments - restricted	1,177	2,754,334	335,628	3,091,139
Property taxes receivable	26,770	184,649	-	211,419
Due to Ledge Rock Center Residential Metropolitan District No. 2	-	12	-	12
Due from other funds	4,735	-	-	4,735
Total assets	$ 32,682	$ 2,939,183	$ 335,628	$ 3,307,493
LIABILITIES				
Accounts payable	$ 33,939	$ -	$ 508	$ 34,447
Due to other funds	-	-	4,735	4,735
Total liabilities	33,939	-	5,243	39,182
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	26,770	184,649	-	211,419
Total deferred inflows of resources	26,770	184,649	-	211,419
FUND BALANCES				
Restricted for:				
Emergency reserve	2,500	-	-	2,500
Debt service	-	2,754,534	-	2,754,534
Capital projects	-	-	330,385	330,385
Unassigned:				
Unrestricted	(30,527)	-	-	(30,527)
Total fund balances	(28,027)	2,754,534	330,385	3,056,892
Total liabilities, deferred inflows of resources, and fund balances	$ 32,682	$ 2,939,183	$ 335,628	
Amounts reported in governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Capital assets, not depreciable				6,801,919
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:				
Bonds payable				(14,955,000)
Accrued interest on bonds payable				(335,989)
Developer advances				(172,300)
Accrued interest on developer advances				(379,012)
Net position of governmental activities				$ (5,983,490)

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

LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1

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

YEAR ENDED DECEMBER 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Property taxes	$ 15,541	$ 62,167	$ -	$ 77,708
Specific ownership taxes	630	2,518	-	3,148
Interest income	-	138,814	32,951	171,765
Intergovernmental revenues	-	12	-	12
Total revenues	16,171	203,511	32,951	252,633
EXPENDITURES				
Current:				
County Treasurer fees	233	933	-	1,166
District management	20,058	-	-	20,058
Dues and subscriptions	345	-	-	345
Election	1,359	-	-	1,359
Insurance	2,813	-	-	2,813
Professional fees	55,897	-	13,455	69,352
Website	1,751	-	-	1,751
Debt service:				
Bond interest payments	-	838,313	-	838,313
Trustee fees	-	7,000	-	7,000
Capital projects:				
Capital outlay	-	-	1,450,076	1,450,076
Engineering	-	-	9,766	9,766
Total expenditures	82,456	846,246	1,473,297	2,401,999
Excess of revenues over expenditures	(66,285)	(642,735)	(1,440,346)	(2,149,366)
OTHER FINANCING SOURCES AND USES				
Developer advances	36,616	-	1,469,716	1,506,332
Developer advance repayments	-	-	(2,433,605)	(2,433,605)
Total other financing sources and uses	36,616	-	(963,889)	(927,273)
Net change in fund balances	(29,669)	(642,735)	(2,404,235)	(3,076,639)
Fund balances, beginning of year	1,642	3,397,269	2,734,620	6,133,531
Fund balances, end of year	$ (28,027)	$ 2,754,534	$ 330,385	$ 3,056,892

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

LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1

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

YEAR ENDED DECEMBER 31, 2025

Net change in fund balances	$ (3,076,639)
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 assets over the estimated useful lives of the assets. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:	
Capital outlay	1,450,076
The issuance of long-term debt (such as bonds, leases, and developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Developer advance proceeds	(1,506,332)
Developer advance repayments	2,431,098
Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest on bonds payable	(266,130)
Change in accrued interest on developer advances	(30,345)
Change in net position	$ (998,272)

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

LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance
REVENUES			
Property taxes	$ 15,541	$ 15,541	$ -
Specific ownership taxes	622	630	8
Total revenues	16,163	16,171	8
EXPENDITURES			
County Treasurer fees	233	233	-
Contingency	7,137	-	7,137
Dues and subscriptions	400	345	55
District management	15,750	20,058	(4,308)
Election	2,000	1,359	641
Insurance	3,600	2,813	787
Miscellaneous	1,500	-	1,500
Professional fees	65,380	55,897	9,483
Website	2,000	1,751	249
Total expenditures	98,000	82,456	15,544
Excess of revenues over expenditures	(81,837)	(66,285)	15,552
OTHER FINANCING SOURCES AND USES			
Developer advances	67,271	36,616	(30,655)
Total other financing sources and uses	67,271	36,616	(30,655)
Net change in fund balance	$ (14,566)	(29,669)	$ (15,103)
Fund balance, beginning of year		1,642	
Fund balance, end of year		$ (28,027)	

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

LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. DEFINITION OF REPORTING ENTITY

Ledge Rock Center Residential Metropolitan District No. 1 ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in December 2021, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Weld County, Colorado ("County"). The District operates under a service plan approved by the Town of Johnstown ("Town") on September 8, 2021, as amended and restated on June 6, 2022, and subsequently amended on December 4, 2023.

The District was organized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing, repair, replacement and operations and maintenance of the Public Improvements from the proceeds of debt that may be issued by the District and to provide for the ownership, operation, or maintenance by the Town or District where appropriate.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

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

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

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

Measurement focus, basis of accounting, and financial statement position

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

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

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

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

Pooled cash and investments

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

Property taxes

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

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

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and a useful life greater than one year. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

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

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, property taxes are deferred and recognized as inflows of resources in the period that the amounts become available.

Net position and fund balances

Net position

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

Fund balances

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

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

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

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

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

General fund deficit

The general fund reported a fund balance deficit as of December 31, 2025. The deficit is expected to be eliminated with the receipt of property taxes in the future.

Use of estimates

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

Subsequent events

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

New accounting pronouncement

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

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	$ 188
Cash and investments - restricted	3,091,139
	$ 3,091,327

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

Deposits with financial institutions	$ 1,365
Investments	3,089,962
	$ 3,091,327

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2025, the District's cash deposits had a bank balance of $1,365 and a carrying balance of $1,365.

Investments

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

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

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

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

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

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

Investment	Maturity	Amount
Liquid Asset Trust (CSAFE)	Weighted average under 60 days	$ 3,089,962

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust ("CSAFE"), 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 CSAFE. CSAFE offers two portfolios: CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND, which operates similarly to a money market fund in which each share is equal in value to $1, offers daily liquidity. CSAFE may invest in US Treasury securities, repurchase agreements collateralized by US Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable net asset value ("NAV") local government investment pool, offers weekly liquidity and is managed to approximate a $2 transactional share price. CSAFE CORE may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities, certain obligations of US government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAm by FitchRatings. CSAFE records its investment 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 or weekly, and there is no redemption notice period.

4. CAPITAL ASSETS

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

	Balance 01-01-25	Additions	Dispositions	Reclassifications	Balance 12-31-25
Governmental activities					
Capital assets, not depreciable:					
Construction in progress	$ 5,351,843	$ 1,450,076	$ -	$ -	$ 6,801,919
Capital assets, not depreciable	$ 5,351,843	$ 1,450,076	$ -	$ -	$ 6,801,919

5. LONG-TERM OBLIGATIONS

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

	Balance 01-01-25	Additions	Repayments / Amortization	Balance 12-31-25	Due Within One Year
Governmental activities					
Bonds payable:					
Series 2024A Bonds	$ 13,150,000	$ -	$ -	$ 13,150,000	$ -
Series 2024B Bonds	1,805,000	-	-	1,805,000	-
Accrued interest on:					
Series 2024B Bonds	-	266,130	-	266,130	-
Total bonds payable	14,955,000	266,130	-	15,221,130	-
Other long-term obligations:					
Developer advance - operating	107,582	36,616	-	144,198	-
Developer advance - capital	989,484	1,469,716	(2,431,098)	28,102	-
Accrued interest on developer advance - operating	8,384	9,964	-	18,348	-
Accrued interest on developer advance - capital	340,283	22,888	(2,507)	360,664	-
Total other long-term obligations	1,445,733	1,539,184	(2,433,605)	551,312	-
Total long-term obligations	$ 16,400,733	$ 1,805,314	$ (2,433,605)	$ 15,772,442	$ -

General Obligation Limited Tax Bonds, Series 2024A and Subordinate General Obligation Limited Tax Bonds, Series 2024B

The District issued the General Obligation Limited Tax Bonds, Series 2024A ("Senior Bonds") and Subordinate General Obligation Limited Tax Bonds, Series 2024B ("Subordinate Bonds", collectively with Senior Bonds "Bonds") on May 14, 2024, in the amounts of $13,150,000 and $1,805,000 respectively.

Proceeds from the sale of the Senior Bonds are planned to be applied to (i) finance or refinance a portion of the costs of the project; (ii) fund an initial deposit to the senior surplus fund; (iii) pay capitalized interest on the Senior Bonds; and (iv) pay costs of issuance in connection with the Senior Bonds. Proceeds of the Subordinate Bonds will be used to: (i) pay the project costs; and (ii) pay other costs incurred in connection with the issuance of the Subordinate Bonds.

The Senior Bonds will bear interest at the rate of 6.375%, payable semi-annually to the extent of senior pledged revenue available on each June 1 and December 1 (the interest payment dates), beginning on June 1, 2024. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2030. The Senior Bonds mature on December 1, 2054.

To the extent principal of any Senior Bond is not paid when due, such principal will remain outstanding until paid. To the extent interest on the Senior Bonds is not paid when due, such interest will compound on each interest payment date at the rate then borne by the Senior Bonds. The District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Senior Bonds.

The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Rather, principal on the Subordinate Bonds is payable annually on each December 15, commencing December 15, 2024, from, and to the extent of available subordinate pledged revenue. The Subordinate Bonds mature on December 15, 2054.

The Subordinate Bonds will bear interest at the rate of 8.75% per annum payable annually on each December 15, but only from and to the extent of available subordinate pledged revenue, beginning on December 15, 2024.

To the extent principal of any Subordinate Bonds is not paid when due, such principal will remain outstanding until paid and continue to bear interest at the rate then borne by the bond. To the extent interest on any Subordinate Bonds is not paid when due, such interest will compound on each interest payment date, at the rate then borne by the Subordinate Bonds. Principal and interest will be deemed paid and discharged on the termination date, December 16, 2064, regardless of the amount of principal and interest paid prior to the termination date. The Subordinate Bonds may be subject to acceleration pursuant to extraordinary mandatory redemption provisions as described in the indenture.

Senior pledged revenue

The Senior Bonds are secured by and payable solely from and to the extent of senior pledged revenue meaning the following: (a) all Senior Property Tax Revenues, (b) all senior specific ownership tax revenues remitted to the taxing districts as a result of the imposition of the senior required mill levy, and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the trustee for application as senior pledged revenue.

“Senior Property Tax Revenues” means all moneys derived from imposition by the District of the senior required mill levy, and all moneys derived from imposition by Ledge Rock Center Residential Metropolitan District No. 2 ("District No. 2") of the senior required mill levy. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

Senior required mill levy

The senior required mill levy is an ad valorem mill levy imposed upon all taxable property of the District and District No. 2 each year beginning in 2025 in an amount sufficient to fund the senior bond fund for the relevant bond year and pay the Senior Bonds as they come due, but (i) not in excess of 40 mills, and (ii) for so long as the senior surplus fund is less than the maximum surplus amount, not less than 40 mills, or such lesser mill levy which will fund the senior bond fund for the relevant bond year and pay the Senior Bonds as they come due and will fund the senior surplus fund up to the maximum surplus amount.

In the event that the method of calculating assessed valuation is changed after January 1, 2021, the maximum mill levy of 40 mills provided in the senior indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the district board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (it being acknowledged that such adjustment with respect to the issuing district and District No. 2 may result in different mill levies being imposed by each of the District and District No. 2). For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation will be deemed to be a change in the method of calculating assessed valuation. Other requirements may apply as described in the senior indenture.

Subordinate pledged revenue

The Subordinate Bonds are secured by and payable from and to the extent of subordinate pledged revenue meaning the following: (a) all Subordinate Property Tax Revenues, (b) all subordinate specific ownership tax revenues remitted to the taxing districts as a result of the imposition of the subordinate required mill levy, and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the trustee for application as subordinate pledged revenue.

“Subordinate Property Tax Revenues” means all moneys derived from imposition by the District of the subordinate required mill levy, and all moneys derived from imposition by District No. 2 of the subordinate required mill levy. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

Subordinate required mill levy

The subordinate required mill levy is an ad valorem mill levy imposed upon all taxable property of the issuing district and District No. 2 each year beginning in 2025 in an amount equal to (i) 40 mills less the applicable senior required mill levy, or (ii) such lesser amount which, if imposed by the District and District No. 2 for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues sufficient to pay the Subordinate Bonds and any additional subordinate obligations (subject to adjustment).

District No. 2 pledge cap

Under the Senior Capital Pledge Agreement, the amount that District No. 2 can contribute is $4,967,000 in principal, bearing interest at the rate of interest on the Senior Bonds and the Subordinate Bonds based on the net effective interest rate of the Senior Bonds and Subordinate Bonds, and any additional senior obligations or additional subordinate obligations, which amount may be used for District No. 2's project costs and District No. 2's pro rata share of the costs of issuance of the Senior Bonds and the Subordinate Bonds.

Additional security of the Senior Bonds

The Senior Bonds are additionally secured by capitalized interest in the amount of $2,514,938, which will be funded from bond proceeds, and by amounts, if any, in the senior surplus fund.

Senior surplus fund

The senior surplus fund will be partially funded with an initial deposit of bond proceeds in the amount of $1,192,000. Additionally, senior pledged revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the senior surplus fund, up to the maximum surplus amount of $2,630,000.

In the event the amounts credited to the senior bond fund are insufficient to pay the principal of, premium if any, or interest on the Senior Bonds when due, the trustee will transfer from the senior surplus fund to the senior bond fund an amount which, when combined with moneys in the senior bond fund, will be sufficient to make such payments when due.

Amounts on deposit, if any, in the senior surplus fund on the final maturity date of the Senior Bonds will be applied to the payment of the Senior Bonds. The District has acknowledged that state law places certain restrictions on the use of money derived from bond proceeds and the required mill levies.

The Subordinate Bonds are not secured by the senior surplus fund.

Optional redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

Date of Redemption	Redemption Premium
June 1, 2029 to May 31, 2030	3.00%
June 1, 2030 to May 31, 2031	2.00%
June 1, 2031 to May 31, 2032	1.00%
June 1, 2032 and thereafter	0.00%

Events of default of the Bonds

Events of default occur if the Districts fail to impose the required mill levies, or to apply the pledged revenues as required by the indentures, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the indentures.

Acceleration of the bonds will not be an available remedy for an event of default.

The District's long-term obligations on the Senior Bonds mature as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ -	$ 838,313	$ 838,313
2027	-	838,313	838,313
2028	-	838,313	838,313
2029	-	838,313	838,313
2030	120,000	838,313	958,313
2031 - 2035	855,000	4,057,051	4,912,051
2036 - 2040	1,455,000	3,713,437	5,168,437
2041 - 2045	2,270,000	3,152,438	5,422,438
2046 - 2050	3,425,000	2,290,857	5,715,857
2051 - 2054	5,025,000	938,082	5,963,082
Total	$ 13,150,000	$ 18,343,430	$ 31,493,430

Authorized debt

On November 2, 2021, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $61,200,000 at an interest rate not to exceed 8% per annum. As of December 31, 2025, the District had authorized but unissued electoral indebtedness of $46,245,000.

As set forth in the District’s First Amended and Restated Service Plan, the Town has limited the amount of debt to be issued by the District to a total of $15,250,000 without further approval by the City. The District may levy up to 40.000 mills, as adjusted, for debt service and 10.000 mills, as adjusted, for general operations and administrative expenses due to the ongoing operations and maintenance to be undertaken by the District. As of December 31, 2025, the District has had authorized but unissued service plan indebtedness of $295,000.

Funding and reimbursement agreement - joint

The District has approved a Multiple-Year Funding and Reimbursement Agreement ("FRA") with Ledge Rock Center, LLC ("Developer"), Ledge Rock Center Commercial Metropolitan District, and District No. 2, with an effective date of December 14, 2021. The FRA sets forth the terms upon which the Developer is to advance funds to the District to pay, or will directly pay, its ongoing operations, maintenance, and administrative expenses which enable it to provide administrative and operations services for itself on a periodic basis as needed from the date of the FRA up to an aggregate amount of $500,000 upon written notice from the District.

The FRA provides that simple interest is to accrue at the rate of 2% plus the current Federal Reserve Prime rate per annum on each advance from the date such loan amount is made to the District, until paid. At December 31, 2025, there was $144,198 in unpaid principal and $18,348 in unpaid interest.

Advance and reimbursement agreement - joint

The District has approved a Multiple-Year Advance and Reimbursement Agreement (“ARA2”) with Ledge Rock Center Commercial Metropolitan District, District No. 2, and the Developer with an effective date of December 14, 2021. The ARA2 sets forth the terms upon which the Developer is to advance funds to the District to for formation and organization costs, construction, installation, and acquisition of public improvements as needed from the date of the ARA2 up to an aggregate amount of $3,600,000.

The ARA2 provides that simple interest is to accrue at the rate of 2% plus the current Federal Reserve Prime rate per annum on each advance from the date such loan amount is made to the District, until paid. At December 31, 2025, there was $28,102 in unpaid principal and $360,664 in unpaid interest.

6. NET POSITION

The District has net position consisting of restricted and unrestricted.

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2025 as follows:

Restricted net position:	
Emergency reserve (Note 11)	$ 2,500
	$ 2,500

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

7. AGREEMENTS

Intergovernmental agreement with the Town of Johnstown

The District and the Town entered into an intergovernmental agreement on June 20, 2023 and as amended on December 4, 2023. The intergovernmental agreement sets forth covenants and mutual agreements regarding the operation and services the District may provide and limitations of District to include but not limited to debt, fees, and mill levies.

Intergovernmental agreement - financing public improvements

The District and District No. 2 entered into an Intergovernmental Agreement regarding the Financing of Public Improvements on March 25, 2024 ("FPI"). The FPI sets forth the terms and limitations regarding the maximum mill levy and District No. 2 pledge cap relating to the issuance of the Bonds.

Capital pledge agreement

On May 1, 2024, the District entered into two separate pledge agreements with District No. 2 and UMB Bank, N.A., as trustee, to facilitate the financing of public improvements within the districts.

Under the Senior Capital Pledge Agreement, the District issued the Senior Bonds, in the principal amount of $13,150,000, secured by ad valorem property taxes and other pledged revenues of both districts. District No. 2 pledged certain revenues, including property taxes and PILOT (payment in lieu of taxes) revenues, to support its share of the debt service. The repayment obligation of District No. 2 is expressly limited to $4,967,000 in principal, plus interest, as defined in the agreement and corresponding service plans.

In conjunction with the senior bonds, the District also issued the Subordinate Bonds, in the principal amount of $1,805,000, pursuant to the Subordinate Capital Pledge Agreement. District No. 2 pledged subordinate revenues, including a subordinate mill levy, specific ownership taxes, and subordinate PILOT revenues, to support its portion of the subordinate debt. The subordinate pledge is also subject to the same $4,967,000 cap on District No. 2's aggregate repayment obligation across both senior and subordinate debt instruments.

Improvement acquisition agreement

The District has approved an improvement acquisition agreement, with an effective date of December 14, 2021, with the Developer, setting forth the rights, obligations, and procedures for the acquisition of public improvements from the Developer and for the reimbursement by the District to the Developer of costs related to public improvements.

8. RELATED PARTIES

The developers of the property within the District are Ledge Rock Center, LLC and Carson Development Inc. The members of the board of directors are officers, employees, or associated with the developers and may have conflicts of interest in dealing with the District.

9. ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

11. TAX, SPENDING, AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. On November 2, 2021, the District's voters approved a ballot issue allowing the District to retain all revenues.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2025, the District had provided for, but had not fully funded an emergency reserve, which may be a violation of the constitutional amendment.

District management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

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

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

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SUPPLEMENTARY INFORMATION

LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1

DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance
REVENUES			
Property taxes	$ 62,168	$ 62,167	$ (1)
Specific ownership taxes	2,487	2,518	31
Interest income	115,000	138,814	23,814
Intergovernmental revenues	11	12	1
Total revenues	179,666	203,511	23,845
EXPENDITURES			
Bond interest payments	838,313	838,313	-
Contingency	16,754	-	16,754
County Treasurer fees	933	933	-
Trustee fees	4,000	7,000	(3,000)
Total expenditures	860,000	846,246	13,754
Net change in fund balance	$ (680,334)	(642,735)	$ 37,599
Fund balance, beginning of year		3,397,269	
Fund balance, end of year		$ 2,754,534	

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

LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1

CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance
REVENUES			
Other revenue	$ 998,284	$ -	$ (998,284)
Interest income	50,000	32,951	(17,049)
Total revenues	1,048,284	32,951	(1,015,333)
EXPENDITURES			
Capital outlay	2,467,858	1,450,076	1,017,782
Contingency	1,064,284	-	1,064,284
Engineering	21,000	9,766	11,234
Professional fees	45,000	13,455	31,545
Total expenditures	3,598,142	1,473,297	2,124,845
Excess of revenues over expenditures	(2,549,858)	(1,440,346)	1,109,512
OTHER FINANCING SOURCES AND USES			
Developer advances	2,533,858	1,469,716	$ (1,064,142)
Developer advance repayments	(2,467,858)	(2,433,605)	34,253
Total other financing sources and uses	66,000	(963,889)	(1,029,889)
Net change in fund balance	$ (2,483,858)	(2,404,235)	$ 79,623
Fund balance, beginning of year		2,734,620	
Fund balance, end of year		$ 330,385	

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