

MULBERRY METROPOLITAN DISTRICT NO. 1
Larimer County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**MULBERRY METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2025**

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Independent Auditors' Report

To the Board of Directors
Mulberry Metropolitan District No. 1

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mulberry Metropolitan District No. 1'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 Mulberry Metropolitan District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that general fund budget and actual statement, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Capital fund budget to actual statement, as listed in the table of contents, is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Capital fund budget to actual statement, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sincerely,

A handwritten signature in cursive script, appearing to read "Haynie".

Littleton, Colorado
September 30, 2026

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 313,997	\$ -	\$ 313,997
Developer Advance Receivables	313,713	430	314,143
Due from County Treasurer	10	-	10
Due from Other Funds	430	-	430
Taxes Receivable	1,836	-	1,836
Operating Service Fees and Other	13,390	-	13,390
Prepaid Expenses	13,375	-	13,375
Capital Assets:			
Capital Assets, Net of Depreciation	41,954,198	-	41,954,198
Total Assets	<u>42,610,949</u>	<u>430</u>	<u>42,611,379</u>
Liabilities			
Accounts Payable	29,272	-	29,272
Due to District No. 2	262,553	430	262,983
Prepaid Fees	6,154	-	6,154
Retainage Payable	313,713	-	313,713
Accrued Interest	2,467,323	-	2,467,323
Non-Current Liabilities:			
Due in More Than One Year	22,788,696	-	22,788,696
Total Liabilities	<u>25,867,711</u>	<u>430</u>	<u>25,868,141</u>
Deferred Inflows of Resources			
Deferred Property Tax Revenue	1,836	-	1,836
Total Deferred Inflows of Resources	<u>1,836</u>	<u>-</u>	<u>1,836</u>
Net Position			
Net Investment in Capital Assets	19,711,327	-	19,711,327
Restricted for:			
Emergency	6,188	-	6,188
Capital Projects	72	-	72
Unrestricted	(2,976,185)	-	(2,976,185)
Total Net Position	<u>16,741,402</u>	<u>-</u>	<u>16,741,402</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 42,610,949</u>	<u>\$ 430</u>	<u>\$ 42,611,379</u>

See accompanying Notes to Basic Financial Statements

MULBERRY METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expense) and Change in Net Position		
		Charges for Services and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 206,959	\$ 76,587	\$ -	\$ 1,740,302	\$ 1,609,930	\$ -	\$ 1,609,930
Debt Service and Related	1,472,848	-	-	-	(1,472,848)	-	(1,472,848)
Total Governmental Activities	<u>\$ 1,679,807</u>	<u>\$ 76,587</u>	<u>\$ -</u>	<u>\$ 1,740,302</u>	<u>137,082</u>	<u>-</u>	<u>137,082</u>
Business-Type Activities							
Nonpotable Water Services	9,009	9,009	-	-	-	-	-
Total Business-Type Activities	<u>9,009</u>	<u>9,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 1,688,816</u>	<u>\$ 85,596</u>	<u>\$ -</u>	<u>\$ 1,740,302</u>	137,082	-	137,082
General Revenues							
Property Taxes					1,858	-	1,858
Specific Ownership Taxes					116	-	116
Interest and Other Income					19,807	-	19,807
Total General Revenues					<u>21,781</u>	<u>-</u>	<u>21,781</u>
Change in Net Position					158,863	-	158,863
Net Position, Beginning of Year					<u>16,582,539</u>	<u>-</u>	<u>16,582,539</u>
Net Position - End of Year					<u>\$ 16,741,402</u>	<u>\$ -</u>	<u>\$ 16,741,402</u>

See accompanying Notes to Basic Financial Statements

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

	General	Capital Projects	Total Governmental Funds
Assets			
Cash and Investments	\$ 313,925	\$ 72	\$ 313,997
Developer Advance Receivables	-	313,713	313,713
Due from County Treasurer	10	-	10
Due from Other Funds	430	-	430
Property Tax Receivable	1,836	-	1,836
Operating Service Fees and Other	13,390	-	13,390
Prepaid Expenses	13,375	-	13,375
Total Assets	<u>342,966</u>	<u>313,785</u>	<u>656,751</u>
Liabilities, Deferred Inflows of Resource, and Fund Balances			
Liabilities			
Accounts Payable	29,272	-	29,272
Due to District No. 2	262,553	-	262,553
Prepaid Fees	6,154	-	6,154
Operating Service Fees and Other	-	-	-
Retainage Payable	-	313,713	313,713
Total Liabilities	<u>297,979</u>	<u>313,713</u>	<u>611,692</u>
Deferred Inflows of Resources			
Deferred Property Tax Revenue	1,836	-	1,836
Total Deferred Inflows of Resources	<u>1,836</u>	<u>-</u>	<u>1,836</u>
Fund Balances			
Restricted:			
Emergency Reserves	6,188	-	6,188
Capital Projects	-	72	72
Nonspendable - Prepaid Expenses	13,375	-	13,375
Unassigned	23,588	-	23,588
Total Fund Balances	<u>43,151</u>	<u>72</u>	<u>43,223</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 342,966</u>	<u>\$ 313,785</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			41,954,198
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
Developer Advance			(22,788,696)
Accrued Interest			(2,467,323)
Net Position of Governmental Activities			<u>\$ 16,741,402</u>

See accompanying Notes to Basic Financial Statements

MULBERRY 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			
Property Taxes	\$ 1,858	\$ -	\$ 1,858
Specific Ownership Taxes	116	-	116
Service Fees	36,545	-	36,545
Operation Fees	39,341	-	39,341
Reimbursement Income	-	1,740,301	1,740,301
Interest and Other Income	19,804	3	19,807
Total Revenues	<u>97,664</u>	<u>1,740,304</u>	<u>1,837,968</u>
Expenditures			
Accounting and Finance	30,690	-	30,690
Audit	18,600	-	18,600
District Management	38,185	701	38,886
Election	10,118	-	10,118
Insurance	13,956	-	13,956
Legal	27,438	-	27,438
Office, Dues and Other	8,448	-	8,448
County Treasurer	37	-	37
Facilities Management	58,784	-	58,784
Capital Outlay	-	1,292,549	1,292,549
Total Expenditures	<u>206,256</u>	<u>1,293,250</u>	<u>1,499,506</u>
Other Financing Sources and Uses			
Developer Advances	143,922	1,293,250	1,437,172
Developer Repayment	-	(1,740,301)	(1,740,301)
Total Other Financing Sources and Uses	<u>143,922</u>	<u>(447,051)</u>	<u>(303,129)</u>
Net Change in Fund Balances	35,330	3	35,333
Fund Balances - Beginning of Year	<u>7,821</u>	<u>69</u>	<u>7,890</u>
Fund Balances - End of Year	<u>\$ 43,151</u>	<u>\$ 72</u>	<u>\$ 43,223</u>

See accompanying Notes to Basic Financial Statements

**MULBERRY 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	\$ 35,333
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure.	
Capital Outlay	1,293,250
Long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds do not report new long-term commitments until paid, while the commitment expense is recorded as a change in net position.	
Developer Advances	(1,437,172)
Developer Repayment	1,740,301
Some expenses reported in the statement of activities do not require the use of current financials resources and therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Developer Advances — Change in Liability	(1,472,849)
Change in net position of governmental activities	<u>\$ 158,863</u>

MULBERRY METROPOLITAN DISTRICT NO. 1
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
AS OF DECEMBER 31, 2025

	Enterprise Fund - Non-Potable Water
Assets	
Water Fee Receivable	\$ 430
Total Assets	<u>430</u>
Liabilities	
Due to Other Funds	<u>430</u>
Total Liabilities	430
Net Position	
Unrestricted	<u>-</u>
Total Net Position	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements

MULBERRY METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund - Non-Potable Water
Operating Revenues	
Water Service Fees	\$ 9,009
Total Revenues	<u>9,009</u>
Operating Expenses	
General & Administrative	
Other Expense	4,509
Water Rights Acquisition	4,500
Total Operating Expenses	<u>9,009</u>
Operating Income (Loss)	-
Nonoperating Revenues and Expenses	
Total Nonoperating Revenues and Expenses	<u>-</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements

MULBERRY METROPOLITAN DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund - Non-Potable Water
Cash Flows from Operating Activities	
Receipts from Customers (Cash from Customers)	\$ 8,579
Payments to Employees (Cash Payments to Employees)	-
Payments to Suppliers/Contractors (Cash Payments to Suppliers)	(8,579)
Net Cash Provided (Used) by Operating Activities	-
Cash Flows from Noncapital Financing Activities	
Net cash Used by Noncapital Financing Activities	-
Cash Flows from Capital and Related Financing Activities	
Net Cash Provided by Capital and Related Financing Activities	-
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	-
Net Decrease in Cash and Investments	-
Cash and Investments - Beginning of Year, as Restated	-
Cash and Investments - End of Year	\$ -
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Net Operating Income (Loss)	-
Depreciation/amortization	-
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
(Increase) Decrease in Accounts Receivable	(430)
Increase (Decrease) in Prepaid Expenses	-
Increase (Decrease) in Accounts Payable	430
Net Cash Used by Operating Activities	\$ -

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Mulberry Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on May 18, 2022 and is governed pursuant to the Colorado Special District Act (§32-1-101, et seq., C.R.S.). The District operates under a Consolidated Service Plan (the Service Plan) approved by the City of Fort Collins (the City) on April 16, 2019. The District's service area is located in Fort Collins, Colorado.

The District was established with the power to provide for the financing, construction, installation, operation and maintenance of public infrastructure and improvements serving an approximately 226-acre residential and commercial development in the City of Fort Collins. The District was organized in conjunction with five other related districts – Mulberry Metropolitan District Nos. 2-6. The District serves as the Coordinating District, which is responsible for performing administrative services on behalf of Mulberry Metropolitan District Nos. 2-6 (the Financing Districts), which are responsible for providing the tax base needed to support the financing of public infrastructure required by the development. The District will also own, operate and maintain all public improvements within the boundaries of the Districts in accordance with the Service Plan and any approved development plans for the Project.

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 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 operations and administrative functions are contracted.

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. Both statements distinguish between governmental activities, which are normally supported by property taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of 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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. 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 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 the financial resources to be used for the acquisition and construction of capital equipment and facilities.

The District reports the following major proprietary fund:

The Enterprise Fund accounts for operations of the District that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and 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 has exceeded budgeted appropriations in the Enterprise Fund. This may be considered a violation of Colorado State Budget Law.

The District has amended its Capital Projects Fund's annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

The District may at times follow 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.

The District considers cash on hand and deposits held in financial institutions to be cash and cash equivalents.

Receivables

Receivables are reported net of allowance for uncollectible accounts, where applicable.

Prepaid Expense

Certain payments to vendors reflect costs applicable to future years and are recorded as prepaid-expenses in both the government-wide and fund financial statements using the consumption method.

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide and business-type financial statements. Capital assets are defined by the District as assets with an initial, individual costs of more than \$10,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation. Property and equipment of the District is depreciated using the straight-line method over the estimated useful lives.

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 component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized.

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, various receivables, and accounts payable. The District estimates that the fair value of these financial instruments, as of December 31, 2025, does not differ materially from the aggregate carrying values used in the accompanying financial statements.

The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, *deferred property tax revenue* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with the US GAAP involves the use of management's estimates which affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

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.

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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 balances is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

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

Deposits with Financial Institutions	\$ 307,728
Investments (COLOTRUST PLUS+)	6,269
Total Cash and Investments	<u>\$ 313,997</u>

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 carrying and bank balance of \$307,728. \$250,000 per institution is insured through the FDIC and the balance is covered under the PDPA.

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 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.

Restricted Cash and Investments

Cash and investments of the District include amounts that are restricted. At December 31, 2025, the Governmental Activities had cash deposits in the amount of \$6,188 which is restricted for emergency reserves. Restricted cash and investments are not available for general operations of the District.

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Local Government Investment Pool

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

<u>Investment</u>	<u>Maturity</u>	<u>Net Asset Value</u>
Colotrust	Weighted average under 60-days	\$ 6,269

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. The three portfolios differ in the types of the investments held, but all invest in investments allowed by Colorado statutes for local governments. COLOTRUST PRIME and COLOTRUST PLUS+ invest in securities with a weighted average maturity of 60 days or less, while COLOTRUST EDGE invests in securities with a weighted average maturity of less than five years. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to be, and are not, registered with the SEC.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is reported at its net asset value.

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions/ Reclassification s	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 22,688,482	\$ 1,293,250	\$ -	\$ 23,981,732
Water Rights Acquisition	17,972,466	-	-	17,972,466
Total Capital Assets, Not Being Depreciated	40,660,948	1,293,250	-	41,954,198
Governmental Capital Assets, Net	<u>\$ 40,660,948</u>	<u>\$ 1,293,250</u>	<u>\$ -</u>	<u>\$ 41,954,198</u>

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM LIABILITIES

The following is an analysis of charges in long-term liabilities for the year ending December 31, 2025.

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Developer Advances - Operating	\$ 401,903	\$ 143,922	\$ -	\$ 545,825	\$ -
Developer Advances - Capital	22,689,922	1,293,250	(1,740,301)	22,242,871	-
Total	<u>\$ 23,091,825</u>	<u>\$ 1,437,172</u>	<u>\$ (1,740,301)</u>	<u>\$ 22,788,696</u>	<u>\$ -</u>

Developer Advances – Operations and Maintenance

On June 28, 2022, the District entered into a Funding and Reimbursement Agreement (the Agreement) for operating and maintenance costs with Mulberry Development, LLC (the Developer), whereby the District agreed to reimburse the Developer for operating expenses and maintenance costs made on behalf of the District, not to exceed the aggregate of \$130,000 per annum for two years, up to \$260,000 (as the same may be subsequently increased by agreement of both parties by execution of a supplement or addendum to the Agreement). Per the Agreement, prior to issuance of any Reimbursement Obligation, the interest rate shall be the Municipal Market Data (MMD) “AAA” General Obligation Yield Curve, 30-year constant maturity, plus 2 basis points per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

Developer Advances – Capital

On November 30, 2022, the District entered into an Infrastructure Financing and Reimbursement Agreement (the Agreement) for capital costs with Mulberry Development, LLC (the Developer), whereby the District agreed to reimburse the Developer for capital advances which had been, or were to be, made on behalf of the District. The amounts advanced and reimbursed shall not exceed \$58,978,595 (as the same may be subsequently increased by agreement of both parties by execution of a supplement or addendum to the Agreement). Per the Agreement, prior to issuance of any Reimbursement Obligation, the interest rate shall be the Municipal Market Data (MMD) “AAA” General Obligation Yield Curve, 30-year constant maturity, plus 250 basis points per annum, from the date any such advance is made, simple interest, adjusted quarterly, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount. The obligations to reimburse the Developer under the Agreement do not constitute multiple fiscal year financial obligations of the District and are subject to annual appropriation by the District.

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 NET POSITION

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance 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 net investment in capital assets calculated as follows:

Net Investment in Capital Assets:

Capital Assets, Net	\$ 41,954,198
Debt Balances used to Acquire Capital Assets	<u>(22,788,696)</u>
Net Investment in Capital Assets:	<u>\$ 19,165,502</u>

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:

Restricted Net Position

Capital Projects	\$ 72
Emergencies (See Note 9)	<u>6,188</u>
Total Restricted Net Position	<u>\$ 6,260</u>

The District's unrestricted net position as of December 31, 2025 is a deficit of \$(2,430,360).

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Mulberry Development, LLC (the Developer). The Developer is owned and operated by members of the Board of Directors of the District, who may have conflicts of interest in dealing with the District. Any potential conflicts of interest have been disclosed in taking action on matters brought before the Board. As of December 31, 2025, total Developer advances and accrued interest due to the Developer were \$25,256,019 (see Note 5 for annual activity).

NOTE 8 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 (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for 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.

MULBERRY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 9 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.

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 has taken steps it believes are necessary to comply 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.

REQUIRED SUPPLEMENTARY INFORMATION

MULBERRY 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 with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 1,858	\$ 1,858	\$ -
Specific Ownership Taxes	111	116	5
Service Fees	32,427	36,545	4,118
Operation Fees	52,500	39,341	(13,159)
Interest and Other Income	52,501	19,804	(32,697)
Total Revenues	139,397	97,664	(41,733)
Expenditures			
Accounting and Finance	26,000	30,690	(4,690)
Audit	19,360	18,600	760
District Management	28,660	38,185	(9,525)
Election	15,000	10,118	4,882
District Engineer	5,000	-	5,000
Insurance	25,000	13,956	11,044
Legal	55,000	27,438	27,562
Office, Dues and Other	48,870	8,448	40,422
Treasurer's Fees	37	37	-
Contingency	10,000	-	10,000
Facilities Management	39,200	58,784	(19,584)
Total Expenditures	272,127	206,256	65,871
Excess of Revenues Over (Under) Expenditures	(132,730)	(108,592)	24,138
Other Financing Sources (Uses)			
Developer Advances	136,400	143,922	7,522
Total Other Financing Sources (Uses)	136,400	143,922	7,522
Net Change in Fund Balances	3,670	35,330	31,660
Fund Balances, Beginning of Year	4,952	7,821	2,869
Fund Balances—End of Year	<u>\$ 8,622</u>	<u>\$ 43,151</u>	<u>\$ 34,529</u>

SUPPLEMENTARY INFORMATION

MULBERRY METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Interest and Other Income	-	-	3	3
Capital Reimbursements	-	1,740,301	1,740,301	-
Total Revenues	-	1,740,301	1,740,304	3
Expenditures				
District Management	3,800	3,800	701	3,099
Capital Outlay	16,000,000	16,000,000	1,292,549	14,707,451
Total Expenditures	16,003,800	16,003,800	1,293,250	14,710,550
Excess of Revenues Over (Under)				
Expenditures	(16,003,800)	(14,263,499)	447,054	14,710,553
Other Financing Sources (Uses)				
Developer Advances	16,003,800	16,003,800	1,293,250	(14,710,550)
Developer Payments	-	(1,740,301)	(1,740,301)	-
Total Other Financing Sources (Uses)	16,003,800	14,263,499	(447,051)	(14,710,550)
Net Change in Fund Balance	-	-	3	3
Fund Balance—Beginning of Year	-	-	69	69
Fund Balance—End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72</u>	<u>\$ 72</u>

MULBERRY METROPOLITAN DISTRICT NO. 1
ENTERPRISE FUND
SCHEDULE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues			
Water Service Fees	-	9,009	9,009
Total Revenues	-	9,009	9,009
Operating Expenses			
Administration and General Expenses:			
Other Expense	-	4,509	(4,509)
Water Rights Acquisition	-	4,500	(4,500)
Total Expenses	-	9,009	(9,009)
Net change in fund balance	-	-	-
Fund Balances - Beginning of Year, as Restated	-	-	-
Fund Balances - End of Year	\$ -	\$ -	\$ -