

SHERIDAN STATION WEST METROPOLITAN DISTRICT

**CITY OF LAKEWOOD
JEFFERSON COUNTY, COLORADO**



FINANCIAL STATEMENTS
As of and for the 12-month period ended
December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Sheridan Station West Metropolitan District

Jefferson County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Sheridan Station West Metropolitan District (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 District, as of December 31, 2025, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

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, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is 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 as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and 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. 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Castle Pines, Colorado
June 16, 2026

SHERIDAN STATION WEST METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 148,644
Cash and investments – restricted	19,449
Accounts receivable	46,138
Accounts receivable - specific ownership tax	2,793
Property taxes receivable	519,600
Prepaid expenses and deposits	14,933
Land and water rights	1,276,266
Depreciable capital assets, net	2,010,016
Total Assets	4,037,839
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on 2022 debt refinancing	195,993
LIABILITIES	
Accounts payable and accrued liabilities	9,071
Prepaid maintenance fees	7,781
Accrued interest payable	267,353
Current portion of general obligation debt	162,000
General obligation debt	5,133,000
Total Liabilities	5,579,205
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	519,600
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	7,700
Debt service	3,582
Capital projects	10,000
Non-spendable	14,933
Unassigned:	(1,901,188)
Net Position (Deficit)	\$ (1,864,973)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

SHERIDAN STATION WEST METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2025

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General government activities	\$ (260,119)	\$ 146,561	\$ -	\$ -	\$ (113,558)
Interest and related costs on long-term debt	(293,093)		-	-	(293,093)
Capital project activities	(93,825)	-	-	-	(93,825)
	<u>\$ (647,037)</u>	<u>\$ 146,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(500,476)</u>
General Revenues					
	Property taxes				506,205
	Specific ownership taxes				34,324
	Net investment income				11,853
	Total general revenue				552,382
	Change in net position				51,906
	Net Position (Deficit) – Beginning of Year				(1,916,879)
	Net Position (Deficit) – End of Year				\$ (1,864,973)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

SHERIDAN STATION WEST METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
ASSETS				
Cash and investments	\$ 148,644	\$ -	\$ -	\$ 148,644
Cash and investments - Restricted	7,700	1,749	10,000	19,449
Accounts receivable	46,138	-	-	46,138
Accounts receivable - specific ownership tax	960	1,833	-	2,793
Property taxes receivable	174,000	345,600	-	519,600
Prepaid expenses	14,933	-	-	14,933
TOTAL ASSETS	\$ 392,375	\$ 349,182	\$ 10,000	\$ 751,557
LIABILITIES				
Accounts payable and accrued liabilities	\$ 9,071	\$ -	\$ -	\$ 9,071
Prepaid operations fees	7,781	-	-	7,781
TOTAL LIABILITIES	16,852	-	-	16,852
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	174,000	345,600	-	519,600
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	190,852	345,600	-	536,452
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	7,700	-	-	7,700
Debt service	-	3,582	-	3,582
Capital projects	-	-	10,000	10,000
Non-spendable	14,933	-	-	14,933
Unrestricted	178,890	-	-	178,890
TOTAL FUND BALANCES	201,523	3,582	10,000	215,105
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 392,375	\$ 349,182	\$ 10,000	
Amounts reported for governmental activities in the statement of net position are different because:				
Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds				
Land and water rights				1,276,266
Property, structures and equipment, net				2,010,016
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:				
General obligation debt				(5,295,000)
Accrued interest payable				(267,353)
Deferred loss on 2022 debt refinancing				195,993
Net position of governmental activities				\$ (1,864,973)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

SHERIDAN STATION WEST METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2025

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
REVENUES				
Property taxes	\$ 173,981	\$ 332,224	\$ -	\$ 506,205
Specific ownership taxes	11,797	22,527	-	34,324
Operations fees	122,850	-	-	122,850
Excess water usage fees	16,033	-	-	16,033
Covenant violation fines	1,850	-	-	1,850
Net investment income	11,228	625	-	11,853
Other income	5,828	-	-	5,828
Total Revenues	343,567	355,376	-	698,943
EXPENDITURES				
General and administration	77,489	-	-	77,489
Landscaping maintenance	49,595	-	-	49,595
Capital asset maintenance	5,255	-	-	5,255
Water deliver services	69,714	-	-	69,714
Other district expenses	58,066	-	-	58,066
Debt service				
Debt management & compliance	-	8,985	-	8,985
Interest payments on debt	-	193,072	-	193,072
Principal payments on debt	-	152,000	-	152,000
Major capital projects	-	-	-	-
Total Expenditures	260,119	354,057	-	614,176
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	83,448	1,319	-	84,767
OTHER FINANCING SOURCES (USES)				
Fund Transfers In / (Out)	(10,000)	-	10,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	73,448	1,319	10,000	84,767
FIND BALANCES – BEGINNING	128,075	2,263	-	130,338
FUND BALANCES – END OF YEAR	\$ 201,523	\$ 3,582	\$ 10,000	\$ 215,105

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**SHERIDAN STATION WEST METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2025**

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

Net change in fund balances – Total government funds	\$	84,767
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The issuance of long-term debt (e.g., bonds) 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. Neither transaction, however, has any effect on net position.

Debt principal repayments		152,000
Amortization of deferred loss on 2022 debt refinancing		(21,263)

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:

Constructed assets		-
Depreciation expense on property, structures and equipment		(93,825)

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

(Increase)/Decrease in accrued interest on debt		(69,773)
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Changes in net position of governmental activities	\$	51,906
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These financial statements should be read only in connection with
the accompanying notes to the financial statements.

SHERIDAN STATION WEST METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 174,000	\$ 173,981	\$ (19)
Specific ownership taxes	10,800	11,797	997
Operations fees**	109,200	122,850	13,650
Excess water usage fees	-	16,033	16,033
Covenant violation fines	3,000	1,850	(1,150)
Net investment income	800	11,228	10,428
Other income	-	5,828	5,828
Total Revenues	297,800	343,567	45,767
EXPENDITURES			
General and administration	99,400	77,489	21,911
Landscaping maintenance	67,400	49,595	17,805
Capital asset maintenance	6,300	5,255	1,045
Water delivery services	60,700	69,714	(9,014)
Other district expenses	38,500	58,066	(19,566)
Total Expenditures	272,300	260,119	12,181
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,500	83,448	57,948
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(25,500)	(10,000)	15,500
Total Other Financing Sources (Uses)	(25,500)	(10,000)	15,500
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	-	73,448	73,448
FUND BALANCE – BEGINNING OF YEAR	97,600	128,075	30,475
FUND BALANCE – END OF YEAR	\$ 97,600	\$ 201,523	\$ 103,923

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**SHERIDAN STATION WEST METROPOLITAN DISTRICT
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025**

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 54,000	\$ 54,000	\$ -
Administrative costs	10,100	5,335	4,765
Audit fees	8,500	8,500	-
Collection fees – County Treasurer	2,700	2,611	89
Board of directors’ fees	-	3,100	(3,100)
Insurance	3,100	2,804	296
Legal fees	15,000	1,022	13,978
Total General and Administration	\$ 99,400	\$ 77,489	\$ 21,911
LANDSCAPING MAINTENANCE			
Ground maintenance fees	\$ 20,400	\$ 18,150	\$ 2,250
Tree maintenance & replacement	15,000	-	15,000
Sprinkler repairs	7,000	3,529	3,471
Backflow valve maintenance	-	266	(266)
Sprinklers – electricity	2,000	976	148
Sprinklers - water	12,000	4,155	7,845
Landscaping projects	5,000	15,283	(10,283)
Detention pond maintenance	2,000	-	2,000
Miscellaneous landscape costs	4,000	7,236	(3,236)
Total Landscaping Maintenance	\$ 67,400	\$ 49,595	\$ 16,929
CAPITAL ASSET MAINTENANCE			
Property insurance	\$ -	\$ -	\$ -
Community mailbox maintenance	-	-	-
Fence maintenance	6,300	605	5,695
Sidewalk maintenance	-	4,650	(4,650)
Vandalism	-	-	-
Total Capital Asset Maintenance	\$ 6,300	\$ 5,255	\$ 1,045
OTHER DISTRICT EXPENSES			
Snow removal	\$ 25,000	\$ 15,797	\$ 9,203
Parking enforcement services	4,000	34,369	(30,369)
Covenant enforcement services	6,000	6,000	-
Covenant enforcement - administrative costs	3,500	1,900	1,600
Total Other District Expenses	\$ 38,500	\$ 58,066	\$ (19,566)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

SHERIDAN STATION WEST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2025

NOTE 1 – DEFINITION OF REPORTING ENTITY

Sheridan Station West Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 23, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Lakewood (City) on August 22, 2016. The District's service area is located in Jefferson County, Colorado entirely within the boundaries of the City. The District issued debt to subsidize costs incurred by the Developer to design, acquire, construct and install streets, traffic and safety controls, park and recreation facilities, sanitary sewer facilities, storm drainage and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District currently provides the following services to the 182 single-family attached units located within the District: (1) maintenance of the open spaces throughout the subdivision, (2) weekly trash pick-up services, (3) water utility services, (4) enforcement of the covenants and Design Guidelines applicable to all 182 single-family attached units and (5) design review services for improvements homeowners proposed to install on and around the exterior of their single-family attached units.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 and specific ownership 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

Budgets

In accordance with Colorado State Budget Law, the District's Board of Directors 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 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 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.

Investments are carried at net asset value.

Property Taxes

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

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. In 2025, the District's share of Specific ownership taxes was equal to approximately 6.8% of the property taxes collected.

The District allocates specific ownership tax revenue proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Operations & Water Service Fees

On August 24, 2018, the District adopted a Resolution regarding the imposition of fees to fund the District's operations and maintenance costs, pursuant to 32-1-1001(1)(j) CRS. Per this Resolution, the District imposed a monthly Operations Fee of \$50 upon each of the 182 townhomes located within the District (Operations Fee Resolution). Operations Fees imposed on each lot are secured by a perpetual lien. Operations Fees are used to fund the District's maintenance of public open spaces and alleyways and enforcement of the neighborhood's covenants applicable to each of the 182 townhomes.

During the year, the District Board held a public hearing and voted to raise the monthly operations fee from \$50/month to \$65/month beginning September 01, 2025.

On August 21, 2025, the District adopted a Resolution effective January 01, 2025 regarding the imposition of fees to fund the District's costs of providing potable water services to each of the 182 townhome units, pursuant to 32-1-1001(1)(j) CRS. Per the Resolution, \$30/month of the \$65/month fee is related to providing potable water (up to 3,000 gallons per month) to each of the 182 townhome units. Any townhome unit that uses more than the \$30/monthly allotment will be billed for 100% of the water overuse costs for that month incurred by the District ("Excess Water Usage Fees"). Excess Water Usage Fees imposed on any townhome lots are secured by a perpetual lien.

Property Maintenance Fines

Covenant violation fines are assessed, in accordance with the District's covenant enforcement policy, on properties that the District deems to be in violation of the restrictive covenants provided in the Declaration of Covenants, Conditions and Restrictions of West Line Village filed with the Jefferson County Clerk & Recorder's Office on September 29, 2017 at reception number 201700573 (the Declaration). Covenant violation fines are recognized as income after the violation has been identified, the homeowner has been notified and the period has expired for the homeowner to

request a hearing to dispute the violation. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien.

Reimbursable Costs

Legal fees and other costs incurred by the District related to covenant enforcement actions and other services provided to specific properties within the District are charged back to the respective properties. The District presents reimbursable costs on a net basis. Factors considered by the District in determining whether to present reimbursable cost chargeback revenue on a gross or net basis include whether risks exist that the District will be unable to recover such costs from property owners. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien, which has priority over all other encumbrances on a property.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2025 are comprised of property taxes due from Jefferson County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District has assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets that 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.

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Liabilities

The District identifies and records liabilities that meet the following three essential characteristics of a liability as defined by FASB Concept Statement No. 6:

- 1) it embodies a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand;
- 2) the duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice; and

- 3) the transaction or other event obligating the entity has already happened.

Agreements where amounts payable by the District are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution do not meet the definition of a liability and are considered contingent obligations.

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, 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:

- ***Non-spendable fund balance*** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- ***Restricted fund balance*** – The portion of a 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 a fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- ***Assigned fund balance*** – The portion of a 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 a fund balance that does not meet any of the criteria described above.

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

NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments – unrestricted	\$ 148,644
Cash and investments – restricted	19,449
Total cash and investments	\$ 168,093

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

Deposits with financial institutions	\$ 31,852
Investments	136,241
Total cash and investments	\$ 168,093

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.

As of December 31, 2025, the District's cash deposits had a bank balance of \$32,093 and carrying balance of \$31,852.

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 listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2025, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 136,020
ColoTrust	Weighted Average Under 60 Days	221
		\$ 136,241

CSAFE

The District invests 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 operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAmmf by Fitch Ratings.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2025, follows:

	Balance at Dec. 31, 2024	Additions	Retirements	Balance at Dec. 31, 2025	Accumulated Depreciation
Monument Signs	\$ 20,000	\$ -	\$ -	\$ 20,000	(\$ 3,000)
West perimeter wall	63,470	-	-	63,470	(9,522)
Street -10th Place	237,600	-	-	237,600	(23,760)
Street - 11th Place	237,600	-	-	237,600	(23,760)
Street - Chase Street	166,320	-	-	166,320	(16,632)
Street - Eaton Street	59,760	-	-	59,760	(5,976)
Alleyways	965,000	-	-	965,000	(96,501)
Sidewalks	245,000	-	-	245,000	(24,501)
Wood fences	124,740	-	-	124,740	(37,422)
Community mailboxes	60,000	-	-	60,000	(18,000)
Backflow valves	112,000	-	-	112,000	(22,401)
Capital assets, net	\$ 2,291,490	\$ -	\$ -	\$2,291,490	(\$281,474)

NOTE 5 – LAND AND NON-DEPRECIABLE ASSETS

The District owns 15 land tracts within the District totaling designated for use as public parks, open spaces and alleyway access to the 182 townhomes totaling approximately 2.266 acres, which are zoned for residential use. The land is recorded by the District at a nominal value of \$1,000/acre totaling \$2,266. The District also assigns a value of \$1,274,000 to the water rights and taps for the water meters servicing the 182 townhomes within the District.

NOTE 6 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2025:

	Balance at Dec. 31, 2024	Additions	Retirements	Balance at Dec. 31, 2025
Series 2022A-1 Loan	\$ 3,245,000	\$ -	(\$ 125,000)	\$ 3,120,000
Series 2022A-2 Loan	588,000	-	(27,000)	561,000
Accrued Interest – Series 2022 Loans	29	10,838	(9,404)	1,463
Series 2022 Subordinate Bonds	1,614,000	-	-	1,614,000
Accrued Interest – Series 2022 Subordinate Bonds	197,552	133,299	(73,099)	257,752
Total	\$ 5,644,581	\$ 144,137	(\$ 234,503)	\$ 5,554,215

Details regarding the District's long-term obligations are as follows:

Series 2022 Senior Bank Loans

On March 22, 2022, the District entered into the following two loans with NBH Bank – a \$3,580,000 General Obligation Taxable Refunding Loan Series 2022A-1 and a \$650,000 Limited Tax General Obligation Loan Series 2022A-2 ("2022

Senior Loans”). The proceeds from the issuance of the 2022 Senior Loans were used to (1) refund the District’s Series 2017 bonds (\$3,426,907) and (2) pay the costs of issuing the new debt (\$153,093).

The 2022 Senior Loans bear interest at 3.13%. Interest is payable semi-annually on June 1st and December 1st and principal payments are payable on December 1st of each year through December 01, 2041. The 2022 Senior Loans are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of (1) property tax revenue generated from levying the Required Senior Loan Mill Levy and (2) specific ownership tax revenue attributable to Senior Pledged Revenue.

The “Required Senior Loan Mill Levy” to fund the District’s 2022 Senior Loans equal to the lesser of (1) 50 mills as adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2017 (“Maximum Senior Loan Mill Levy”) or (2) the mill levy that generates sufficient revenue to fund the current year’s principal and interest payments due on the 2022 Senior Loans. As of January 01, 2017, the ratio of taxable valuation to assessed valuation for residential real property was 7.20%. The ratio for 2025 was 6.70% for residential developed property, which caused the Maximum Senior Loan Mill Levy for 2025 to be 60,267 mills. The Required Senior Loan Mill Levy for 2025 was 47.940 mills.

The 2022 Senior Loans are subject to redemption prior to maturity, at the option of the District at any time on or after December 01, 2026.

Outstanding principal and interest on the 2022 Senior Loans mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 162,000	\$ 115,215	\$ 277,215
2027	167,000	110,145	277,145
2028	178,000	104,918	282,918
2029	184,000	99,347	283,347
2030	195,000	93,588	288,588
2031 to 2035	1,108,000	371,096	1,479,096
2036 to 2040	1,377,000	181,416	1,558,416
2041	310,000	9,704	319,704
Total	\$ 3,681,000	\$ 1,085,429	\$ 4,766,429

The District’s detail debt service schedule for its Senior Bonds is provided on page 27.

Events of Default – Series 2022 Senior Bank Loans

The following events are considered events of default under the 2022 Senior Loan Agreement: (1) the District fails or refuses to impose the Required Mill Levy, (2) the District fails to pay the principal or interest on the Loans when due, (3) the District fails or refuses to transfer Pledged Revenue to NBH Bank pursuant to the terms of the 2022 Senior Loan Agreement (4) the District defaults on any terms contained in the Authorizing Resolution or the Sales Certificate, (5) any representation made by the District in the 2022 Senior Loan Agreement, Authorizing Resolution or Sales Certificate is proven to have been untrue or incomplete, (6) the District agrees to dissolve, consolidate or otherwise cause the District to cease to exist, (6) a change occurs in the financial or operating conditions of the District, or the occurrence of any other event that will have a materially adverse impact on the ability of the District to generate Pledged Revenue sufficient to satisfy the District’s obligations under the 2022 Senior Loan Agreement, (7) the District commences a proceeding or other action in related to bankruptcy, insolvency, reorganization or otherwise seeks relief from its debts, (8) the 2022 Senior Loan Agreement is declared null and void or the validity and enforceability of the Loan Agreement is contested by the District or (9) any funds subject to the 2022 Senior Loan Agreement becomes subject to any writ,

judgement, warrant or attachment. Available remedies for an Event of Default are (1) applying all Pledged Revenue to the unpaid principal and interest due on the 2022 Senior Loans and (3) taking any other action or remedy available at law or in equity. Acceleration of the repayment of the 2022 Senior Loans is not an available remedy for an Event of Default.

Series 2022 Subordinate Bonds

On April 01, 2022, the District issued Subordinate Limited Tax General Obligation Bonds Series 2022B (“2022 Subordinate Bonds”) in the amount \$1,614,000. The proceeds from the issuance of the 2022 Subordinate Bonds were used to (1) subsidize the Developer’s public infrastructure construction costs (\$1,480,305) and (2) pay the costs of issuing the new debt (\$133,695).

The 2022 Subordinate Bonds bear interest at 7.00%. Interest and principal payments are payable annually on December 15th and interest accrues on the 2022 Subordinate Bonds through December 15, 2051. Any outstanding unpaid amounts due on the 2022 Subordinate Bonds as of December 15, 2061 will be written off and forgiven by the bondholder. The 2022 Subordinate Bonds are secured by and payable solely from Subordinate Pledged Revenue, net of any costs of collection, which is comprised of (1) property tax revenue generated from levying the Required Subordinate Bond Mill Levy and (2) specific ownership tax revenue attributable to Subordinate Pledged Revenue.

Per the Series 2022 Subordinate Bond Indenture of Trust, the “Required Subordinate Bond Mill Levy” to fund the District’s 2022 Subordinate Bonds is 50 mills less the Required Senior Loan Mill Levy. The Required Subordinate Debt Mill Levy may be adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2017. As of January 01, 2017, the ratio for residential property was 7.20%. The residential property ratio for 2025 was 6.70%, which caused the Required Subordinate Debt Mill Levy for 2025 to be 12.327 mills.

The 2022 Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on June 01, 2027, 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 (%)	Redemption Premium (\$)
June 01, 2027, to May 31, 2028	3.0%	\$ 48,420
June 01, 2028, to May 31, 2029	2.0%	\$ 32,280
June 01, 2029, to May 31, 2030	1.0%	\$ 16,140
June 01, 2030 and thereafter	0.0%	\$ -

Events of Default – Series 2022 Subordinate Bonds

The following events are considered events of default under the Series 2022 Subordinate Bonds indenture of trust: (1) the District fails or refuses to impose the Subordinate Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust, (2) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners or (3) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization – TABOR

On November 08, 2016, the District’s eleven electors (all of whom were individuals qualified by the Developer to vote in the election) unanimously voted to authorize the District to issue debt at net effective interest rates not to exceed 18% per annum in amounts not totaling more than \$65.25 million to fund infrastructure improvements, \$7.25 million to fund the District’s operations and maintenance costs and \$7.25 million to refund any outstanding debt.

The District’s authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	Authorized Nov 2018 Election	Authorized Used – 2017 Bonds	Authorization Used – 2022 Loans	Authorization Used – 2022 Bonds	Unused Voter Authorization
Street improvements	\$ 7,250,000	(\$ 1,228,875)	(\$ 605,000)	(\$ 1,614,000)	\$ 3,802,125
Water	7,250,000	(340,750)	-	-	6,909,250
Storm water and sanitary sewers	7,250,000	(1,515,250)	-	-	5,734,750
Park & recreation facilities	7,250,000	(531,788)	-	-	6,718,212
Transportation facilities	7,250,000	-	-	-	7,250,000
Television relay	7,250,000	-	-	-	7,250,000
Mosquito control	7,250,000	-	-	-	7,250,000
Traffic safety protection	7,250,000	(8,337)	-	-	7,241,663
Operations	7,250,000	-	-	-	7,250,000
Intergov. agreements	7,250,000	-	-	-	7,250,000
Subtotal	72,500,000	(3,625,000)	(605,000)	(1,614,000)	66,656,000
Refunding of debt	7,250,000	-	-	-	7,250,000
Total	\$ 79,750,000	(\$ 3,625,000)	(\$ 605,000)	(\$ 1,614,000)	\$ 73,906,000

Per C.R.S 32-1-1101(2), any remaining, unused debt issuance authorization obtained from the District’s electors will expire on November 08, 2036 – 20 years after such election was held.

Debt Authorization – Service Plan

The District’s 2016 Service Plan authorizes the District to issue up to \$7,250,000 in debt and establishes a Maximum Mill Levy, subject to certain conditions and restrictions, the District is permitted to impose on taxable property within the District for the payment of debt. The Service Plan establishes a Maximum Debt Mill Levy of 50 mills that can be assessed on property owners within the District to fund the District’s debt repayment costs. The Maximum Debt Mill Levy may be adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2017. As of January 01, 2017, the ratio was 7.20% with no exemptions to actual property values. The ratio for 2025 was 6.70%, which caused the Maximum Debt Mill Levy for 2025 to be 60.267 mills.

As of December 31, 2025, total remaining debt issuance authorization under the District’s 2016 Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	\$ 7,250,000
Less:	
Series 2017 Bonds	(3,625,000)
Series 2022 Loans	(605,000)
Series 2022 Subordinate Bonds	(1,614,000)
Unused Service Plan debt issuance authorization	\$ 1,406,000

NOTE 7 – AGREEMENTS

The District has entered into two contingent obligation agreements with the Developer (as defined in Note 9). The District has neither registered nor filed a notice of claim of exemption regarding this contingent obligation agreement with the Colorado Securities Commissioner (“Commissioner”). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. This contingent obligation agreement is not transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not a multiple-fiscal year obligation for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2025:

Facilities Funding and Acquisition Agreement. Pursuant to the Facilities Funding and Acquisition Agreement entered into on December 08, 2016 (the FFAA) between the District and the Developer, the Developer agreed to design, construct and complete certain public improvements to serve the development within the District’s service area. In exchange, the District agreed to acquire such improvements from the Developer and, subject to written certification by an independent engineer substantiating the reasonableness of the amounts of such costs, to pay the Developer for the costs of such improvements.

The District has neither registered nor filed a notice of claim of exemption regarding this contingent obligation agreement with the Colorado Securities Commissioner. This contingent obligation agreement is not transferrable to third parties. The contingent obligations of the District arising from the FFAA are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. Per the terms of the FFAA, any decision by the District to appropriate payment of any funds to the Developer is purely discretionary and non-obligatory.

Claims submitted by the Developer to the District under the FFAA but not yet paid by the District accrue simple interest at the rate of 8.0% per annum.

In the event that the District has not paid the Developer for any portion of the contingent obligations created under this FFAA by December 31, 2046 (30 years from the date the FFAA was executed), any contingent obligations outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Outstanding, unpaid Developer claims under the FFAA are as follows:

	Public Infrastructure costs reported by Developer	Accrued Interest	Total
Beginning balance (Jan. 01, 2025)	\$ 1,218,168	\$ 376,823	\$ 1,594,991
Additional certified Developer costs	-	-	-
Accrued interest	-	97,453	97,453
Payments to the Developer	-	-	-
Ending balance (Dec. 31, 2025)	\$ 1,218,168	\$ 474,276	\$ 1,692,444

Operation Funding Agreement. Pursuant to the Operation Funding Agreement entered into on December 08, 2016 (the OFA) between the District and the Developer, the Developer agreed to provide funding to the District to fund the District’s operating costs (despite the fact that the District has sufficient powers to levy fees and taxes on land owned by the Developer to adequately fund the District’s operating costs).

The District has neither registered nor filed a notice of claim of exemption regarding this contingent obligation agreement with the Colorado Securities Commissioner. This contingent obligation agreement is not transferrable to third parties. The contingent obligations of the District arising from the OFA are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. Per the terms of the OFA, any decision by the District to appropriate payment of any funds to the Developer is purely discretionary and non-obligatory.

Cash remitted by the Developer to the District under the OFA but not yet re-paid by the District accrue simple interest at the rate of 8.0% per annum.

In the event that the District has not paid the Developer for any portion of the contingent obligations created under this OFA by December 31, 2046 (30 years from the date the OFA was executed), any contingent obligations outstanding on such date shall be deemed to be forever discharged and satisfied in full.

For the 12-month period ended December 31, 2025, District payments made, advances received and interest accrued under the OFA is as follows:

	Cash advances net of repayments	Accrued interest net of repayments	Total
Beginning Balance (Jan 01, 2025)	\$ 248,362	\$ 99,795	\$ 348,157
Additional advances	-	-	-
Accrued interest	-	19,869	19,869
Payments to the Developer	-	-	-
Ending Balance (Dec. 31, 2025)	\$ 248,362	\$ 119,664	\$ 368,026

NOTE 8 – NET POSITION (DEFICIT)

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2025 in the general fund, debt service fund and capital project fund totaled \$14,933, \$0 and \$0, respectively. These balances were created due to the District prepaying certain 2026 expenses in 2025.

Restricted Net Position

The District's restricted net position as of December 31, 2025 in the general fund, debt service fund and capital projects fund totaled \$7,700, \$3,582 and \$10,000, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2022 Loans and 2022 Subordinate bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

Unassigned Net Position

The District's unassigned net position as of December 31, 2025 totaled (\$1,901,188). This deficit amount was a result of the District being responsible for the repayment of bonds issued to subsidize the Developer's construction of public improvements conveyed to the City of Lakewood and the District.

NOTE 9 – RELATED PARTIES

Up until May 02, 2023, the majority of directors serving on the District's board were employees or owners of Sheridan Station Transit Village, LLC (the Developer) the company developing land within the District and all such directors reported conflicts of interest regarding their service on the District's board. The proceeds of the District's debt was remitted to the Developer.

Subsequent to May 02, 2023, all directors serving on the District board have been comprised of individuals who own homes within the District and report no conflicts of interest regarding their service on the District's board.

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 11 – 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). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

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

On November 8, 2016, eleven individuals qualified to vote by the Developer unanimously voted in approval of authorizing the District to:

- assess property taxes at no more than \$2.5 million annually, without limitation to rate, to pay the District's administrative, operations, maintenance and capital expenses; and
- levy fees on property owners at no more than \$2.5 million annually, without limitation to rate, to pay the District's administrative, operations, maintenance and capital expenses; and
- assess property taxes at no more than \$7.25 million annually, without limitation to rate, to fund any intergovernmental agreements or contracts between the District and other entities; and
- collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

SUPPLEMENTARY INFORMATION

SHERIDAN STATION WEST METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 332,300	\$ 332,224	\$ (76)
Specific ownership taxes	20,600	22,527	1,927
Net investment income	3,000	625	(2,375)
Total Revenues	355,900	355,376	(524)
EXPENDITURES			
Debt management & compliance	11,000	8,985	2,015
Cash payments for debt			
Interest payments - Series 2022A-1 Loan	101,600	101,569	31
Interest payments - Series 2022A-2 Loan	18,500	18,404	96
Interest payments - Series 2022B Bond	72,800	73,099	(299)
Principal payments – Series 2022A-1 Loan	125,000	125,000	-
Principal payments – Series 2022A-2 Loan	27,000	27,000	-
Principal payments – Series 2022B Bond	-	-	-
Total Expenditures	355,900	354,057	1,843
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,319	1,319
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	1,319	1,319
FUND BALANCE – BEGINNING	-	2,263	2,263
FUND BALANCE – END OF YEAR	\$ -	\$ 3,582	\$ 3,582

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

SHERIDAN STATION WEST METROPOLITAN DISTRICT
DEBT SERVICE FUND
DEBT MANAGEMENT & COMPLIANCE EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DEBT MANAGEMENT & COMPLIANCE			
Collection fees – County Treasurer	\$ 5,000	\$ 4,985	\$ 15
Bond paying agent fees	4,000	4,000	-
Miscellaneous	2,000	-	2,000
Total Debt Management & Compliance Expenses	\$ 11,000	\$ 8,985	\$ 2,015

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**SHERIDAN STATION WEST METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025**

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$ 500	\$ -	\$ (500)
Total Revenues	500	-	(500)
EXPENDITURES			
Major capital projects	-	-	-
Total Expenditures	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	500	-	(500)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	25,500	10,000	15,500
Total Other Financing Sources (Uses)	25,500	10,000	15,500
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	26,000	10,000	(15,000)
FUND BALANCE – BEGINNING OF YEAR	-	-	-
FUND BALANCE – END OF YEAR	\$ 26,000	\$ 10,000	\$ (15,000)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

SHERIDAN STATION WEST METROPOLITAN DISTRICT
SCHEDULE OF PLANNED DEBT SERVICE PAYMENTS TO MATURITY
December 31, 2025

The District's planned repayment schedule for its 2022 Loans is as follows:

Year Ended Dec. 31,	2022A-1 Loan (NBH Bank) Original Amount: \$3,580,000			Series 2022A-2 Loan (NBH Bank) Original Amount: \$650,000			Total Scheduled Loan Payments		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 135,000	\$ 97,656	\$ 232,656	\$ 27,000	\$ 17,559	\$ 44,559	\$ 162,000	\$ 115,215	\$ 277,215
2027	140,000	93,431	233,431	27,000	16,714	43,714	167,000	110,145	277,145
2028	150,000	89,049	239,049	28,000	15,869	43,869	178,000	104,918	282,918
2029	160,000	84,354	244,354	24,000	14,993	38,993	184,000	99,347	283,347
2030	165,000	79,346	244,346	30,000	14,242	44,242	195,000	93,588	288,588
2031	170,000	74,181	244,181	31,000	13,303	44,303	201,000	87,484	288,484
2032	185,000	68,860	253,860	29,000	12,332	41,332	214,000	81,192	295,192
2033	190,000	63,070	253,070	30,000	11,425	41,425	220,000	74,495	294,495
2034	200,000	57,123	257,123	33,000	10,486	43,486	233,000	67,609	300,609
2035	205,000	50,863	255,863	35,000	9,453	44,453	240,000	60,316	300,316
2036	220,000	44,446	264,446	34,000	8,357	42,357	254,000	52,803	306,803
2037	230,000	37,560	267,560	32,000	7,293	39,293	262,000	44,853	306,853
2038	230,000	30,361	260,361	46,000	6,291	52,291	276,000	36,652	312,652
2039	235,000	23,162	258,162	50,000	4,852	54,852	285,000	28,014	313,014
2040	250,000	15,807	265,807	50,000	3,287	53,287	300,000	19,094	319,094
2041	255,000	7,982	262,982	55,000	1,722	56,722	310,000	9,704	319,704
	<u>\$3,120,000</u>	<u>\$ 917,251</u>	<u>\$4,037,251</u>	<u>\$ 561,000</u>	<u>\$168,178</u>	<u>\$729,178</u>	<u>\$3,681,000</u>	<u>\$1,085,429</u>	<u>\$4,766,429</u>

NOTE: No debt-to-maturity schedule is provided for the Series 2022 Subordinate Bonds because such obligations are payable from subordinate pledged revenue, if and when such revenue is available to repay these bonds.

SHERIDAN STATION WEST METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2018	\$ 139,057	22.000	44.222	\$ 9,200	\$ 10,108	109.9%
2019	938,862	22.000	44.222	62,200	62,173	100.0%
2020	2,828,389	22.154	44.532	188,600	188,615	100.0%
2021	3,439,343	22.154	44.532	229,400	228,474	99.6%
2022	4,996,041	22.154	44.532	333,200	332,205	99.7%
2023	5,361,145	22.154	44.532	357,500	359,209	100.5%
2024	5,748,695	24.167	63.896	506,300	495,032	97.8%
2025	5,513,097	31.561	60.267	506,300	506,205	100.0%
2026	5,440,903	31.980	63.528	519,600	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

SHERIDAN STATION WEST METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY
December 31, 2025

	2024 Mill Levy *	2025 Mill Levy **	Change
Sheridan Station West Metropolitan District	91.828	95.508	3.680
Jefferson County School District	44.488	44.349	(0.139)
Jefferson County	26.978	26.978	0.000
West Metro Fire Protection District	13.690	13.790	0.100
City of Lakewood	4.496	4.711	0.215
East Lakewood Sanitation District	3.741	4.106	0.365
Urban Drainage and Flood Control District	0.900	0.900	0.000
Urban Drainage and Flood Control District – South Platte Subdistrict	0.100	0.100	0.000
Regional Transportation District	-	-	-
Total Mill Levy	186.221	190.442	4.221

* -- For property tax collections in 2025

** -- For property tax collections in 2026

SHERIDAN STATION WEST METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
December 31, 2025

	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
General obligation debt	\$ 3,625,000	\$ 5,732,000	\$ 5,594,000	\$ 5,447,000	\$ 5,295,000
Accrued, unpaid interest on debt	\$ 18,125	\$ 76,483	\$ 193,007	\$ 197,581	\$ 259,514
Restricted cash	(\$ 481,614)	(\$ 8,273)	(\$ 6)	(\$ 3,697)	(\$ 10,071)
Combined assessed property values within the District	\$ 3,439,343	\$ 4,996,041	\$ 5,748,695	\$ 5,513,097	\$ 5,440,903
Ratio of debt to assessed property values	91.9%	116.1%	100.7%	102.5%	101.9%