Ritoro Metropolitan District
Elbert County, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2025

Ritoro Metropolitan District

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FISCAL FOCUS PARTNERS LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ritoro Metropolitan District
Elbert County, Colorado

Opinions

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Fiscal Focus Partners, LLC

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Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as identified in the table of contents is presented for the purposes of additional analysis and legal compliance 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 supplemental 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
July 1, 2026

BASIC FINANCIAL STATEMENTS

Ritoro Metropolitan District

STATEMENT OF NET POSITION

December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 50,717
Cash and investments - Restricted	21,733
Receivable - County Treasurer	9,798
Prepaid expenses	3,616
Property taxes receivable	858,206
Total assets	944,070
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized bond insurance	95,840
Cost of refunding, net	295,632
Total deferred outflows of resources	391,472
LIABILITIES	
Accounts payable	3,016
Accrued interest payable	46,568
Noncurrent liabilities:	
Due within one year	125,000
Due in more than one year	14,034,002
Total liabilities	14,208,586
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	858,206
Total deferred inflows of resources	858,206
NET POSITION	
Restricted for:	
Emergency reserves	5,500
Debt service	24,398
Unrestricted	(13,761,148)
Total net position	$ (13,731,250)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritoro Metropolitan District

STATEMENT OF ACTIVITIES

For the Year 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					
General government	$ 85,602	$ -	$ -	$ -	$ (85,602)
Interest on long-term debt and related costs	1,225,837	-	-	-	(1,225,837)
Total governmental activities	$ 1,311,439	$ -	$ -	$ -	(1,311,439)
General revenues:					
Property taxes					950,552
Specific ownership taxes					124,036
Investment earnings					36,943
Special item:					
Forgiveness of debt, Series 2022C					92,917
Forgiveness of developer advance					350,295
Total general revenues and special items					1,554,743
Change in net position					243,304
Net position - beginning					(13,974,554)
Net position - ending					$ (13,731,250)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritoro Metropolitan District

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and investments	$ 50,717	$ -	$ 50,717
Cash and investments - Restricted	5,500	16,233	21,733
Receivable - County Treasurer	1,633	8,165	9,798
Prepaid expenses	3,616	-	3,616
Property taxes receivable	62,538	795,668	858,206
Total assets	$ 124,004	$ 820,066	$ 944,070
LIABILITIES			
Accounts payable	$ 3,016	$ -	$ 3,016
Total liabilities	3,016	-	3,016
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	62,538	795,668	858,206
Total deferred inflows of resources	62,538	795,668	858,206
FUND BALANCES			
Nonspendable:			
Prepaid expenses	3,616	-	3,616
Restricted for:			
Emergencies	5,500	-	5,500
Debt service	-	24,398	24,398
Unassigned	49,334	-	49,334
Total fund balances	58,450	24,398	82,848
Total liabilities, deferred inflows of resources and fund balances	$ 124,004	$ 820,066	

Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
Unamortized bond discount	50,360
Bond insurance, net	95,840
Cost of refunding, net	295,632
Long-term liabilities, including bonds payable, developer advances and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(14,203,000)
Accrued interest payable - bonds	(52,930)
Net position of governmental activities	$ (13,731,250)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritoro Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Property taxes	$ 158,423	$ 792,129	$ 950,552
Specific ownership taxes	20,672	103,364	124,036
Investment earnings	3,818	33,125	36,943
Total revenues	182,913	928,618	1,111,531
Expenditures			
Current			
Accounting	21,503	-	21,503
Audit	8,000	-	8,000
Elections	1,489	-	1,489
Engineering	1,650	-	1,650
Insurance and dues	4,464	-	4,464
Legal	8,714	-	8,714
Management	6,751	-	6,751
Miscellaneous	1,031	1,441	2,472
Treasurer fees	4,754	23,772	28,526
Website maintenance	2,033	-	2,033
Debt service			
Bond interest Series 2022C	-	654,060	654,060
Bond principal Series 2022C	-	3,067,083	3,067,083
Bond interest Series 2025A	-	391,422	391,422
Bond principal Series 2025A	-	280,000	280,000
Bond interest Series 2025B	-	118,715	118,715
Bond principal Series 2025B	-	187,000	187,000
Bond issuance costs	-	413,350	413,350
Bond insurance	-	99,379	99,379
Total expenditures	60,389	5,236,222	5,296,611
Excess of revenues over (under) expenditures	122,524	(4,307,604)	(4,185,080)
Other financing sources (uses)			
Bond proceeds, Series 2025A and 2025B	-	14,670,000	14,670,000
Bond discount, Series 2025A	-	(52,219)	(52,219)
Payment to escrow	-	(11,861,521)	(11,861,521)
Transfers (to) from other funds	(99,495)	99,495	-
Total other financing sources (uses)	(99,495)	2,855,755	2,756,260
Net change in fund balances	23,029	(1,451,849)	(1,428,820)
Fund balances - beginning	35,421	1,476,247	1,511,668
Fund balances - ending	$ 58,450	$ 24,398	$ 82,848

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritoro Metropolitan District

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

For the Year Ended December 31, 2025

Net change in fund balances - governmental funds:	$ (1,428,820)
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt (e.g., bond, leases) 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. Also, governnmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Bond proceeds, Series 2025A and 2025B	(14,670,000)
Bond discount, Series 2025A	52,219
Bond principal refunded, Series 2019A	8,075,000
Bond principal refunded, Series 2019B	2,190,000
Bond principal refunded, Series 2022C	3,067,083
Deferred costs of refunding, Series 2019A and 2019B	307,950
Bond insurance, Series 2025A	99,379
Current year bond principal payments, Series 2025A and 2025B	467,000
Forgiveness of debt, Series 2022C	92,917
Forgiveness of developer advances	350,295
Some expenses reported in the statement of activites do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued bond interest payable - change in liability	1,657,996
Amortization of bond discount	(1,859)
Amortization of costs of refunding	(12,318)
Amortization of bond insurance	(3,538)
Change in net position of governmental activities	$ 243,304

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritoro Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2025

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	$ 158,440	$ 158,423	$ (17)
Specific ownership taxes	19,013	20,672	1,659
Investment earnings	21,000	3,818	(17,182)
Total revenues	198,453	182,913	(15,540)
EXPENDITURES			
Accounting	20,000	21,503	(1,503)
Audit	8,100	8,000	100
Elections	4,000	1,489	2,511
Engineering	-	1,650	(1,650)
Insurance and dues	4,400	4,464	(64)
Legal	19,000	8,714	10,286
Management	5,500	6,751	(1,251)
Miscellaneous	1,300	1,031	269
Treasurer fees	4,753	4,754	(1)
Website maintenance	2,000	2,033	(33)
Contingency	20,000	-	20,000
Total expenditures	89,053	60,389	28,664
Excess of revenues over expenditures	109,400	122,524	13,124
OTHER FINANCING SOURCES (USES)			
Developer repayment - interest	(109,000)	-	109,000
Transfer in(out)	-	(99,495)	(99,495)
Total other financing sources (uses)	(109,000)	(99,495)	9,505
Net change in fund balances	400	23,029	22,629
Fund balances - beginning	27,393	35,421	8,028
Fund balances - ending	$ 27,793	$ 58,450	$ 30,657

The accompanying Notes to the Financial Statements are an integral part of these statements.

Note 1 – Definition of Reporting Entity

Ritoro Metropolitan District (the District) is a quasi-municipal corporation and political subdivision of the State of Colorado, was created by order and decree of the Elbert County District Court on June 12, 2008 and recorded with the County Clerk on June 24, 2008, and is governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located within the Town of Elizabeth (the Town) in Elbert County, Colorado. The District operates under an Amended and Restated Service Plan approved by the Town on September 27, 2016. The District was organized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing, operation and maintenance of public infrastructure improvements within and without the boundaries of the District. The District shall be authorized to operate and maintain public improvements not conveyed to the Town or other governmental entities having proper jurisdiction. To the extent that the District retains ownership and/or maintenance responsibilities of any public improvements, the District shall be authorized to enter into one or more agreements with owners' associations pursuant to which an owners' association may operate and maintain such improvements.

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

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

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

Note 2 – Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial resources of the District. The difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources 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 the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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 revenue to be available if they are collected within 60 days of the end of the current fiscal period. The major source 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. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

> The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be reported 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.

Budgetary Information

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 other financing uses level and lapses at year end. The District's Board of Directors can modify the budget line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

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 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.

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

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Bond Insurance and Original Issue Premium/Discount

In the government-wide financial statements, bond insurance, bond premiums, and bond discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, government fund types recognize bond insurance, bond premiums, and bond discounts during the current period. The face amount of debt issued is reported as other financing sources. Bond insurance, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Cost of Refunding

In the government-wide financial statements, the deferred cost of the bond refunding is amortized over the remaining life of the deferred bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. Accordingly, the items, bond insurance and cost of refunding, are deferred and recognized as an outflow of resources in the period that the amounts are incurred.

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, the item, *deferred property tax revenue,* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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: 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:

Non-spendable 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 is legally or contractually required to be maintained intact.

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

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

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

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	$	50,717
Cash and investments-Restricted		21,733
Total cash and investments	$	72,450

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

Deposits with financial institutions	$	19,818
Investments		52,632
Total cash and investments	$	72,450

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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of $19,818.

Investments

The District has adopted an investment policy by which it follows state statute regarding investments.

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

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

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

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

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted Average Under 60 Days	$ 36,399
Invesco Short-Term Treasury	Weighted Average Under 43 Days	16,233
Total investments		$ 52,632

Colotrust

The District invested in the Colorado Local Government Liquid Asset Trust (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.

Colotrust Prime and Colotrust Plus operate similarly to a money market fund and each share is equal in value to $1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. Colotrust Plus may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. Both portfolios are rated AAAm by Standard and Poor's.

Colotrust Edge, is managed to approximate a $10.00 transactional share price. Colotrust Edge may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper. Colotrust Edge is rated AAAf/S1 by Fitch Ratings.

A designated custodial bank serves as custodian for the Trust's investment 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. The custodian's internal records segregate investments owned by the Trust. Colotrust records its investments at fair value and the District records its investment in Colotrust at net asset value as determined by fair value.
The District invested in the Colotrust Plus portfolio during 2025. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Invesco Short-Term Treasury

The Invesco Short-Term Treasury is rated AAAm by Standard & Poor's and the maturity is weighted average under 43 days. The Invesco Short-Term Treasury records its investments at fair value and the District records its investment in Invesco Short-Term Treasury using the net asset value method. The Invesco Short-Term Treasury is a money market fund with each share maintaining a value of $1.00. The money market fund invests in high quality debt securities issued by the U.S. Government.

Note 4 – Long-Term Obligations

Changes in long-term debt for the year ended December 31, 2025 are summarized as follows:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
General Obligation Limited Tax Bonds - Series 2019A	$ 8,075,000	$ -	$ 8,075,000	$ -	$ -
Subordinate General Obligation Limited Tax Bonds - Series 2019B	2,190,000	-	2,190,000	-	-
Accrued Interest Subordinate Bonds - Series 2019B	1,091,184	77,289	1,168,473	-	-
Second Subordinate General Obligation Limited Tax Bonds - Series 2022C	3,160,000	-	3,160,000	-	-
Accrued Interest Second Subordinate Bonds - Series 2022C	586,098	77,838	663,936	-	-
General Obligation Limited Tax Refunding Bonds - Series 2025A	-	12,040,000	280,000	11,760,000	125,000
Bond Discount, Series 2025A	-	(52,219)	(1,859)	(50,360)	-
General Obligation Limited Tax Refunding Bonds - Series 2025B	-	2,630,000	187,000	2,443,000	-
Accrued Interest Subordinate Bonds - Series 2025B	-	125,077	118,715	6,362	-
Other:					
Accrued Interest - Capital	350,294	-	350,294	-	-
	$ 15,452,576	$ 14,897,985	$ 16,191,559	$ 14,159,002	$ 125,000

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2019A (Series 2019A Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2019B(3) (Series 2019B(3) Bonds, and together with the 2019A Senior Bonds, the 2019 Bonds) dated June 20, 2019

Bond Details

On June 20, 2019, the District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds – Series 2019A (“2019A Bonds”) with a par amount of $8,195,000. The 2019A Bonds were issued for the purposes of: (i) paying or reimbursing public improvements; (ii) paying capitalized interest on the 2019A Bonds; (iii) funding the Senior Reserve Fund; and (iv) paying other costs in connection with the issuance the 2019A Bonds.

Interest on the 2019A Bonds is payable semiannually on June 1 and December 1 each year, commencing December 1, 2019 at the rate of 5.00% per annum. To the extent principal of any 2019A Bond is not paid when due, such principal is to remain outstanding until paid and is to continue to bear interest at the rate then borne by the 2019A Bonds. To the extent interest on any 2019A Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2019A Bonds. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2019A Bonds, including all payments of principal, premium if any, and interest, and all 2019A Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

On June 20, 2019, the District issued Subordinate Limited Tax General Obligation Bonds – Series 2019B$_{(3)}$ ("2019B Bonds" collectively with the 2019A Bonds, the "2019 Bonds") with a par amount of $2,190,000. The 2019B Bonds were issued for the purposes of paying or reimbursing public improvements.

The 2019B Bonds bear interest at 8.50% per annum payable on December 15 each year to the extent of Subordinate Pledged Revenue available therefore, commencing December 15, 2019. The 2019B Bonds are structured as "cash flow" bonds meaning that there are no scheduled payments of principal thereof prior to the final maturity date. To the extent principal of any 2019B Bonds is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the 2019B Bonds. To the extent interest on any 2019B Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2019B Bonds. The District is not to be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2019B Bonds including all payments of principal, premium, if any, and interest and all 2019B Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. All of the 2019B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 15, 2058.

Optional Redemption

The 2019A Bonds are subject to redemption prior to maturity, at the option of the District on June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
June 1, 2024, to May 31, 2025	3.00%
June 1, 2025, to May 31, 2026	2.00%
June 1, 2026, to May 31, 2027	1.00%
June 1, 2027, and thereafter	0.00%

The 2019B Bonds are subject to redemption prior to maturity, at the option of the District on June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
June 1, 2024, to May 31, 2025	3.00%
June 1, 2025, to May 31, 2026	2.00%
June 1, 2026, to May 31, 2027	1.00%
June 1, 2027, and thereafter	0.00%

Security

The 2019A Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) the Senior Property Tax Revenue; (ii) all Senior Specific Ownership Tax Revenue; and (iii) any other legally available money which the District determines, in its absolute discretion to credit to the Senior Bond Fund.

The 2019A Bonds are also secured by amounts on deposit in the Senior Reserve Fund in an amount equal to $644,000, and amounts, if any, accumulated in the Senior Surplus Fund up to the Maximum Surplus Amount of $819,500. As of December 31, 2025, the balance in the Senior Reserve Fund was $0 and the balance in the Senior Surplus Fund was $0, as a result of the use of funds for the 2019 Bonds being refunded.

The 2019B Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) all Subordinate Property Tax Revenue; (ii) all Subordinate Specific Ownership Tax Revenue; (iii) the amounts, if any, in the Senior Surplus Fund after the payment or defeasance of the 2019A Bonds; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 50 mills, and (ii) for so long as the Surplus Fund is less that the Maximum Surplus Amount, not less than 50 mills, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Bonds as they become due, will replenish the Reserve Fund to the amount of the Required Reserve, and will fund the Surplus Fund up to the Maximum Surplus Amount. If after January 1, 2016, there are changes in the ratio of actual valuation to assessed valuation, then the minimum and maximum mill levies shall be increased or decreased to offset such changes.

The District's Amended and Restated Service Plan limits the District's imposition of ad valorem taxes for debt to 50 mills (subject to adjustment). The maximum Debt Mill

Levy is 50 mills for so long as the total amount of aggregate debt of the District exceeds fifty percent of the District's assessed valuation.

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy each year in the amount of 50 mills less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full. If after January 1, 2016 there are changes in the actual valuation to assessed valuation the mill levy will be adjusted to offset such changes. It is the intent that if the Senior Bond Mill Levy equals or exceeds 50 mills in any year, adjusted for changes in the actual valuation to assessed valuation, the Subordinate Required Mill Levy for that year shall be zero.

The 2019A Bonds and 2019B Bonds were fully refunded with the issuance of the 2025A Bonds and 2025B Bonds on March 25, 2025.

Second Subordinate General Obligation Limited Tax Bonds, Series 2022C dated August 24, 2022

Bond Details

On August 24, 2022, the District issued Second Subordinate General Obligation Limited Tax Bonds – Series 2022C ("2022C Bonds") with a par amount of $3,160,000. The 2022C Bonds were issued for the purposes of reimbursing public improvements and paying other costs in connection with the issuance of the 2022C Bonds.

The 2022C Bonds bear interest at 7.50% per annum payable on December 15 each year to the extent of Second Subordinate Pledged Revenue available therefore, commencing December 15, 2022. The 2022C Bonds are structured as "cash flow" bonds meaning that there are no scheduled payments of principal thereof prior to the final maturity date. To the extent principal of any 2022C Bonds is not paid when due, such principal shall remain outstanding until the earlier of payment or the Termination Date (December 16, 2072) and shall continue to bear interest at the rate then borne by the 2022C Bonds. To the extent interest on any 2022C Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2022C Bonds. The District is not to be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2022C Bonds including all payments of principal, premium, if any, and interest and all 2022C Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. All of the 2022C Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 16, 2072.

Security

The 2022C Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) Second Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Second Subordinate Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Second Subordinate Bond Fund.

Required Mill Levy

Pursuant to the Second Subordinate Indenture, the District has covenanted to impose a Second Subordinate Required Mill Levy each year in the amount of 50 mills less the amounts required for the payment of the Senior Bond Mill Levy, the Subordinate Bond Mill Levy, and the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Second Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full. If after January 1, 2008 there are changes in the actual valuation to assessed valuation the mill levy will be adjusted to offset such changes. It is the intent that if the Senior Bond Mill Levy, the Subordinate Bond Mill Levy, and the number of mills necessary to pay any unlimited mill levy debt equals or exceeds 50 mills in any year, adjusted for changes in the actual valuation to assessed valuation, the Second Subordinate Required Mill Levy for that year shall be zero.

A portion of the 2022C Bonds were refunded with the issuance of the 2025A Bonds and 2025B Bonds on March 25, 2025. The owner of the 2022C Bonds agreed to forgive the remaining portion of the 2022C Bonds upon issuance of the 2025A Bonds and 2025B Bonds

General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2025A (Series 2025A Bonds) and Subordinate General Obligation Limited Tax Refunding Bonds, Series 2025B (Series 2025B Bonds, and together with the 2025A Bonds, the 2025 Bonds) dated March 25, 2025

Bond Details

On March 25, 2025, the District issued General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds – Series 2025A (“2025A Bonds”) with a par amount of $12,040,000. The 2025A Bonds were issued for the purposes of: (i) refunding all of the 2019A Bonds, all of the 2019B Bonds and refunding a portion of the 2022C Bonds; (ii) funding the Senior Reserve Fund in the amount of the Required Reserve satisfied by the issuance of the 2025A Reserve Policy; and (iii) paying other costs in connection with the issuance the 2025A Bonds.

Interest on the 2025A Bonds is payable semiannually on June 1 and December 1 each year, commencing June 1, 2025 at the rate of 4.375% - 5.00% per annum. To the extent principal of any 2025A Bond is not paid when due, such principal is to remain outstanding until paid and is to continue to bear interest at the rate then borne by the 2025A Bonds. To the extent interest on any 2025A Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2025A Bonds. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2025A Bonds, including all payments of principal, premium if any, and interest, and all 2025A Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

On March 25, 2025, the District issued Subordinate General Obligation Limited Tax Refunding Bonds – Series 2025B ("2025B Bonds" collectively with the 2025A Bonds the "2025 Bonds") with a par amount of $2,630,000. The 2025B Bonds were issued for the purposes of: (i) refunding a portion of the 2022C Second Subordinate Bonds; and (ii) paying other costs in connection with the issuance the 2025B Bonds.

The 2025B Bonds bear interest at 6.25% per annum payable on December 15 each year to the extent of Subordinate Pledged Revenue available therefore, commencing December 15, 2025. The 2025B Bonds are structured as "cash flow" bonds meaning that there are no scheduled payments of principal thereof prior to the final maturity date. To the extent principal of any 2025B Bonds is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the 2025B Bonds. To the extent interest on any 2025B Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2025B Bonds. The District is not to be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2025B Bonds including all payments of principal, premium, if any, and interest and all 2025B Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. All of the 2025B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 16, 2065.

The District refunded the Series 2019A, Series 2019B and Series 2022C to reduce the total debt service payment over the next 32 years by $10,229,019 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,982,665 on the refunding.

Optional Redemption

The 2025A Bonds are subject to redemption prior to maturity, at the option of the District on March 1, 2030, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
March 1, 2030 to February 28, 2031	3.00%
March 1, 2031 to February 29, 2032	2.00%
March 1, 2032 to February 28, 2033	1.00%
March 1, 2033, and thereafter	0.00%

The 2025B Bonds are subject to redemption prior to maturity, at the option of the District on March 1, 2030, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
March 1, 2030 to February 28, 2031	3.00%
March 1, 2031 to February 29, 2032	2.00%
March 1, 2032 to February 28, 2033	1.00%
March 1, 2033, and thereafter	0.00%

Security

The 2025A Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) the Senior Property Tax Revenue; (ii) all Senior Specific Ownership Tax Revenue; and (iii) any other legally available money which the District determines, in its absolute discretion to credit to the Senior Bond Fund.

The 2025A Bonds are also secured by the Senior Reserve Fund in the amount of the Required Reserve of $822,913, satisfied by the issuance of the 2025A Reserve Policy.

The 2025B Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) all Subordinate Property Tax Revenue; (ii) all Subordinate Specific Ownership Tax Revenue; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Required Reserve, but not in excess of 50 mills. If after January 1, 2008, there are changes in the ratio of actual valuation to assessed valuation, then the minimum and maximum mill levies shall be increased or decreased to offset such changes.

The District's Amended and Restated Service Plan limits the District's imposition of ad valorem taxes for debt to 50 mills (subject to adjustment). The maximum Debt Mill Levy is 50 mills for so long as the total amount of aggregate debt of the District exceeds fifty percent of the District's assessed valuation.

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy each year in the amount of 50 mills less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full. If after January 1, 2008 there are changes in the actual valuation to assessed valuation the mill levy will be adjusted to offset such changes. It is the intent that if the Senior Bond Mill Levy equals or exceeds 50 mills in any year, adjusted for changes in the actual valuation to assessed valuation, the Subordinate Required Mill Levy for that year shall be zero.

The District's long-term obligations for the 2025A Bonds will mature as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 125,000	$ 558,812	$ 683,812
2027	130,000	552,563	682,563
2028	150,000	546,063	696,063
2029	160,000	538,563	698,563
2030	180,000	530,563	710,563
2031-2035	1,140,000	2,502,563	3,642,563
2036-2040	1,665,000	2,168,062	3,833,062
2041-2045	2,310,000	1,716,468	4,026,468
2046-2050	2,970,000	1,132,163	4,102,163
2051-2054	2,930,000	356,249	3,286,249
	$ 11,760,000	$ 10,602,069	$ 22,362,069

The annual debt service requirements on the 2025B Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

Operation Funding Agreement

On December 20, 2016 (effective January 1, 2016), the District entered into the 2016-2017 Operation Funding Agreement (2016-2017 OFA) with MGL Ritoro, LLC (the Developer). The Developer agreed to advance funds for ongoing operations and maintenance expenses incurred by the District in an amount of $50,000 (Shortfall Amount). The 2016-2017 OFA expired on March 15, 2018. This agreement was amended on December 11, 2017 (effective January 1, 2016) to amend the title of the 2016-2017 OFA to the Operation Funding Agreement (OFA), increase the shortfall amount to $75,000, and to extend the term of the OFA to March 15, 2019. The OFA was further amended on June 10, 2019 by a Second Amendment to the Operation Funding Agreement with an effective date of January 1, 2016. Per the Second Amendment to the OFA, the Developer agrees to advance funds for ongoing operations and maintenance expenses incurred by the District through December 31, 2019 in an amount not to exceed $100,000 (Shortfall Amount). Any obligation of the Developer to advance funds will expire on March 15, 2020. The District agrees to repay the advances from funds available after the payment of any annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget appropriation. Simple interest will accrue on each advance from the date of deposit at a rate of 6% per annum. Payments to reimburse the Developer shall be paid by December 2 of each year and shall be applied (a) first to the Original OFA principal amount due and then to the Original OFA accrued and unpaid interest; then (b) first to the First Amendment principal amount due; and then to the First Amendment accrued and unpaid interest; and then (c) first to the Second Amendment principal amount due; and then to the Second Amendment accrued and unpaid interest. Any obligation to reimburse the Developer shall expire on December 31, 2039. In the event the District has not reimbursed the Developer for any advances made pursuant to this agreement on or before December 31, 2039, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. The agreement was terminated on July 23, 2025.

Facilities Acquisition and Reimbursement Agreement

On May 24, 2017 the District entered into the Facilities Acquisition and Reimbursement Agreement with MGL Ritoro, LLC (the Developer) and Lennar Colorado, LLC (Lennar) with an effective date of May 24, 2017, as amended and restated on April 19, 2019 (FARA). Pursuant to a Contract of Sale dated March 24, 2017 between the Developer and Lennar, Lennar purchased certain property within the boundaries of the District to construct Public Improvements (Improvements). At the time of entering into the FARA, the District did not have sufficient funds available to construct and/or acquire the Improvements; therefore, the District determined that for reasons of economic efficiency and timeliness it was in the best interest of the District for Lennar to construct or cause construction of the Improvements. The District did not have the sufficient funds to pay for the expenses incurred in organizing the District; therefore, the Developer incurred these costs.

The parties agreed that a condition precedent to the District's acquisition of the Improvements and obligation to reimburse the Developer for Construction Costs (as defined in the FARA) incurred by Lennar will be the District's receipt of a written certification of an independent engineer retained by the District respecting the Improvements and their costs. Pursuant to the FARA, the District will acquire the Improvements after preliminary acceptance from the appropriate jurisdiction and prior to final acceptance upon receipt, review and approval by the District's accountant and engineer. The District agreed to reimburse Lennar for Certified Construction Costs up to a maximum amount of $3,600,000 (Reimbursable Costs). The District agreed to reimburse the Developer for the portion of Construction Costs that are in excess of the Reimbursable Costs.

No payment is required of the District unless the District issues bonds or other evidence of debt in an amount sufficient to reimburse Lennar for all or a portion of the Construction Costs. The District may make payments from available funds after the payment of the District's annual debt service and operations and maintenance expenses. To the extent amounts are still owed under this agreement after the District issues bonds, the District shall exercise reasonable efforts to issue a promissory note or other privately placed debt instrument for outstanding amounts which have not been previously reimbursed with bond proceeds. The obligations of the District contemplated in the FARA are subject to annual appropriation and are not a multiple-fiscal year obligation.

The FARA provides that Lennar waives any reimbursement from the District in excess of the $3,600,000. That amount was paid from a portion of the 2019A Bonds. The FARA also provides that other amounts reimbursable to Developer would take place under the FRA, which was terminated on June 23, 2025 (discussed below). Given these two events, all amounts owned under the FARA have been paid by the District, and the District's obligations under the FARA have been satisfied.

Funding and Reimbursement Agreement

On December 20, 2016, the District entered into a Funding and Reimbursement Agreement (FRA) with MGL Ritoro, LLC (Developer). The District did not currently have sufficient monies available to fund the cost of construction improvements. The District acknowledged the Developer has incurred costs related to the financing, design, and construction of public improvements (Capital Costs). The District agreed to reimburse the Developer for the verified Capital Costs from the date incurred and on monies advanced to the District at six percent (6%) simple interest per annum. In June 2021, the Developer issued a Letter of Agreement to the District, directing the District to accrue simple interest under the FRA at six percent (6%) per annum for Developer Advances and Verified Capital Costs from January 7, 2020, which is the date the District accepted the engineer's report certifying the Verified Capital Costs. Payments by the District to the Developer shall credit first against principal due and then to accrued and unpaid interest. Payments due pursuant to the FRA are subordinate to payments due pursuant to the FARA. The agreement was terminated on July 23, 2025.

Debt Authorization

The limit on the District's ability to issue Debt is set forth in its Service Plan as $20,000,000 (the "Service Plan Debt Issuance Limit"). In no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit; provided, however, that refunding Debt does not count against the Service Plan Debt Issuance Limit.

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the May 6, 2008 election (the "2008 Election") and the November 8, 2016 election (the "2016 Election," and together with the 2008 Election, the "Elections"), the actual costs of construction were not known. Without knowing the costs of construction, it was not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore an aggregate total debt authorization from the 2008 Election in the amount of $47,225,000 (the "2008 Authorization") and an aggregate total debt authorization from the 2016 Election in the amount of $260,000,000 (the "2016 Authorization") were authorized for a total of $307,225,000 (the "Total Authorization").

Of this authorization, $14,890,000 was used during the issuances of the 2019 Bonds, 2022C Bonds and 2025 Bonds, leaving a remaining authorized but unissued debt balance of $292,335,000.

However, the District is limited to the Service Plan Debt Issuance Limit of $20,000,000. Following issuance of the 2025 Bonds, the District's remaining Service Plan Debt Limit for public improvements debt is $5,330,000.

Note 5 – Net Position

The District's net position consists of two components – restricted and unrestricted.

Restricted assets include net position that is 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:

	Governmental Activities
Restricted net position:	
Emergency reserve	$ 5,500
Debt service	24,398
Total restricted net position	$ 29,898

As of December 31, 2025, the District has unrestricted net position (deficit) of $(13,761,148). The deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements that have been conveyed to other governmental entities.

Note 6 – Related Parties

The Developer of the property which constitutes the District is MGL Ritoro, LLC a Colorado limited liability company. One member of the Board of Directors is an officer, employee, or is associated with the Developer and may have conflicts of interest in dealing with the District. The other members of the Board are residents of the District.

Note 7– Risk Management

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

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

The District pays annual premiums to the Pool for liability, property, 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 8 - Tax, Spending and Debt Limitation

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 and benefit increases.

On November 8, 2016, the District's voters authorized the District to collect, spend or retain all revenues collected or received by the District in fiscal year 2017 and in each fiscal year thereafter, without regard to any limitations under TABOR.

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.

Note 9 – Interfund Transfers

The transfer from the General Fund to the Debt Service Fund was for the purpose of transferring excess available funds for payment on the Series 2025B Bonds.

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SUPPLEMENTAL INFORMATION

Ritoro Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2025

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 792,213	$ 792,213	$ 792,129	$ (84)
Specific ownership taxes	95,066	95,066	103,364	8,298
Investment earnings	84,000	28,000	33,125	5,125
Total revenues	971,279	915,279	928,618	13,339
EXPENDITURES				
Miscellaneous	4,200	4,200	1,441	2,759
Treasurer fees	23,766	23,766	23,772	(6)
Trustee fees	10,000	10,000	-	10,000
Bond principal Series 2019A	100,000	-	-	-
Bond interest Series 2019A	403,750	-	-	-
Bond interest Series 2019B	406,134	-	-	-
Bond interest Series 2022C	-	642,056	654,060	(12,004)
Bond principal Series 2022C	-	3,072,004	3,067,083	4,921
Bond interest Series 2025A	-	387,236	391,422	(4,186)
Bond principal Series 2025A	-	280,000	280,000	-
Bond interest Series 2025B	-	115,155	118,715	(3,560)
Bond principal Series 2025B	-	65,000	187,000	(122,000)
Bond issuance costs	-	524,415	512,729	11,686
Contingency	25,000	500,000	-	500,000
Total expenditures	972,850	5,623,832	5,236,222	387,610
Excess of expenditures over (under) revenues	(1,571)	(4,708,553)	(4,307,604)	400,949
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	14,738,000	14,670,000	(68,000)
Bond discount	-	(131,365)	(52,219)	79,146
Bond premium	-	500,000	-	(500,000)
Payment to escrow	-	(11,861,521)	(11,861,521)	-
Transfer in(out)	-	-	99,495	99,495
Total other financing sources (uses)	-	3,245,114	2,855,755	(389,359)
Net change in fund balances	(1,571)	(1,463,439)	(1,451,849)	11,590
Fund balances - beginning	1,485,832	1,476,247	1,476,247	-
Fund balances - ending	$ 1,484,261	$ 12,808	$ 24,398	$ 11,590

Ritoro Metropolitan District

DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2025

Bonds and Interest Maturing in the Year Ending December 31,	$12,040,000 General Obligation Limited Tax Refunding Bonds, Series 2025A Dated March 25, 2025 Interest Rate 4.375% - 5.000% Interest Payable on June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2026	$ 125,000	$ 558,812	$ 683,812
2027	130,000	552,563	682,563
2028	150,000	546,063	696,063
2029	160,000	538,563	698,563
2030	180,000	530,563	710,563
2031	190,000	521,563	711,563
2032	215,000	512,062	727,062
2033	225,000	501,313	726,313
2034	250,000	490,062	740,062
2035	260,000	477,563	737,563
2036	290,000	464,562	754,562
2037	305,000	450,063	755,063
2038	335,000	434,812	769,812
2039	350,000	418,063	768,063
2040	385,000	400,562	785,562
2041	405,000	381,312	786,312
2042	440,000	363,594	803,594
2043	455,000	344,344	799,344
2044	495,000	324,437	819,437
2045	515,000	302,781	817,781
2046	540,000	280,250	820,250
2047	565,000	254,600	819,600
2048	595,000	227,763	822,763
2049	620,000	199,500	819,500
2050	650,000	170,050	820,050
2051	680,000	139,175	819,175
2052	715,000	106,875	821,875
2053	750,000	72,912	822,912
2054	785,000	37,287	822,287
Total	$ 11,760,000	$ 10,602,069	$ 22,362,069

Ritoro Metropolitan District

**SCHEDULE OF ASSESSED VALUATION,
MILL LEVY, AND PROPERTY TAXES COLLECTED**

December 31, 2025

Year ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2022	$ 7,516,850	11.132	55.664	$ 502,096	$ 502,096	100.00%
2023	$ 9,238,640	11.453	57.266	$ 634,870	$ 634,870	100.00%
2024	$ 12,078,063	13.108	65.541	$ 949,928	$ 949,927	100.00%
2025	$ 12,086,370	13.109	65.546	$ 950,653	$ 950,552	99.99%
Estimated for calendar year ending December 31,						
2026	$ 12,507,560	5.000	63.615	$ 858,206		

Note:
Property taxes collected in any one year include collection of delinquent property taxes levied and /or abatements from valuations in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.