SALISBURY HEIGHTS METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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WIPFLI

Board of Directors
Salisbury Heights Metropolitan District
Douglas County, Colorado

Independent Auditor's Report

Opinions

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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

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Other Matters

Required Supplementary Information

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

Supplemental Information

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

Wipfli LLP

Wipfli LLP
Denver, Colorado

September 9, 2026

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Salisbury Heights Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2025

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	$ 20,475	$ -	$ 20,475	$ -	$ 20,475
Cash and investments - restricted	1,635	37,097	38,732	-	38,732
Receivable - County Treasurer	849	3,337	4,186	-	4,186
Property taxes receivable	46,355	175,886	222,241	-	222,241
Prepaid expenses	3,925	-	3,925	-	3,925
Total Assets	73,239	216,320	289,559	-	289,559
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	49,337	49,337
Total Deferred Outflows of Resources	-	-	-	49,337	49,337
Total Assets	$ 73,239	$ 216,320	$ 289,559		
LIABILITIES					
Accounts payable	$ 13,072	$ -	$ 13,072	-	13,072
Accrued interest	-	-	-	10,664	10,664
Long-term liabilities:					
Due within one year	-	-	-	57,000	57,000
Due in more than one year	-	-	-	4,515,423	4,515,423
Total Liabilities	13,072	-	13,072	4,583,087	4,596,159
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	46,355	175,886	222,241	-	222,241
Total Deferred Inflows of Resources	46,355	175,886	222,241	-	222,241
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepaids	3,925	-	3,925	(3,925)	-
Restricted:					
Emergencies	1,635	-	1,635	(1,635)	-
Debt service	-	40,434	40,434	(40,434)	-
Unassigned	8,252	-	8,252	(8,252)	-
Total Fund Balances	13,812	40,434	54,246	(54,246)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 73,239	$ 216,320	$ 289,559		
Net Position:					
Restricted for:					
Emergencies				1,635	1,635
Debt service				29,770	29,770
Unrestricted				(4,510,909)	(4,510,909)
Total Net Position (Deficit)				$ (4,479,504)	$ (4,479,504)

The notes to the financial statements are an integral part of these statements.

Salisbury Heights Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Accounting and audit	$ 15,249	$ -	$ 15,249	$ -	$ 15,249
Election expense	527	-	527	-	527
Insurance	4,221	-	4,221	-	4,221
Legal	19,441	-	19,441	-	19,441
Management	11,331	-	11,331	-	11,331
Miscellaneous expenses	1,499	-	1,499	-	1,499
Treasurer's fees	655	2,574	3,229	-	3,229
Loan principal	-	51,000	51,000	(51,000)	-
Interest expense loan	-	130,097	130,097	6,683	136,780
Interest expense - developer advance	-	-	-	92,020	92,020
Total Expenditures	52,923	183,671	236,594	47,703	284,297
GENERAL REVENUES					
Property taxes	43,658	171,504	215,162	-	215,162
Specific ownership taxes	3,363	13,211	16,574	-	16,574
Interest income	3,273	24	3,297	-	3,297
Total General Revenues	50,294	184,739	235,033	-	235,033
NET CHANGES IN FUND BALANCES	(2,629)	1,068	(1,561)	1,561	
CHANGE IN NET POSITION				(49,264)	(49,264)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	16,441	39,366	55,807	(4,486,047)	(4,430,240)
END OF YEAR	$ 13,812	$ 40,434	$ 54,246	$ (4,533,750)	$ (4,479,504)

The notes to the financial statements are an integral part of these statements.

Salisbury Heights Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 43,690	$ 43,658	$ (32)
Specific ownership taxes	2,622	3,363	741
Interest income	1,000	3,273	2,273
Total Revenues	47,312	50,294	2,982
EXPENDITURES			
Accounting and audit	12,000	15,249	(3,249)
Election expense	2,700	527	2,173
Insurance	4,000	4,221	(221)
Legal	27,000	19,441	7,559
Management	10,000	11,331	(1,331)
Miscellaneous expenses	6,000	1,499	4,501
Treasurer's fees	655	655	-
Contingency	318	-	318
Emergency reserve	1,721	-	1,721
Total Expenditures	64,394	52,923	11,471
NET CHANGES IN FUND BALANCE	(17,082)	(2,629)	14,453
FUND BALANCE:			
BEGINNING OF YEAR	17,082	16,441	(641)
END OF YEAR	$ -	$ 13,812	$ 13,812

The notes to the financial statements are an integral part of these statements.

SALISBURY HEIGHTS METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Salisbury Heights Metropolitan District (the "District"), located in the Town of Parker in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on July 15, 2014 as a quasi-municipal corporation established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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.*

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. 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 District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and short-term investments with maturities of three months or less from the date of acquisition are considered to be cash on hand. Investments for the government are reported at fair value.

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. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report 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(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. The District has conveyed all of the capital improvements of the District to other entities. As a result, the capital improvements owned by the District have been removed from the District's assets.

Deferred Loss on Refunding

The deferred loss on refunding is being amortized over the life of the bonds using the effective interest method. Accumulated amortization of the deferred loss on refunding amounted to $13,494, at December 31, 2025.

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Developer Advances

Developer advances are not considered liabilities until the funds are actually received by the District.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $1,635 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $40,434 is restricted for the payment of the debt service costs associated with 2023 Loan (see Note 3).

Committed Fund Balance
The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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
Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance
Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position
Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

The District's net position at December 31, 2025 was a deficit . The deficit amount was a result of the District being responsible for repayment of bonds issued for public improvements conveyed to other governmental entities.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Adoption of New Accounting Standard

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

Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	$ 20,475
Cash and investments - Restricted	38,732
Total	$ 59,207

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

Deposits with financial institutions	$ 38,667
COLOTRUST	20,540
	$ 59,207

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. 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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments are not required to be categorized within the fair value hierarchy. Their investment values are calculated using the net asset value ("NAV") per share.

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in

connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2025, the District had $20,540 invested in COLOTRUST PLUS+.

Note 3: Long-Term Debt

The following is an analysis of changes in long-term debt for the year ending December 31, 2025:

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025	Current Portion
Direct Borrowing					
2023 Loan	$ 2,675,000	$ -	$ 51,000	$ 2,624,000	$ 57,000
Other					
Developer Advance - Capital	1,150,245	-	-	1,150,245	-
Interest on Developer Advance - Capital	706,158	92,020	-	798,178	-
Total	$ 4,531,403	$ 92,020	$ 51,000	$ 4,572,423	$ 57,000

A description of the long-term obligations as of December 31, 2025, is as follows:

$2,705,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Loan, Series 2023 (the "2023 Loan")

On December 21, 2023, the District entered into a Loan Agreement ("2023 Loan Agreement") with Central Tax Exempt Investments, LLC, ("Lender"), and issued a Promissory Note in the principal amount of $2,705,000 for the purpose of repaying the Series 2017A Bonds and the Series 2017B Bonds, and paying the costs of issuance. The 2023 Loan bears interest at a rate of 4.81%. Interest payments on the 2023 Loan are due on each June 1 and December 1 commencing on June 1, 2024. Principal payments on the 2023 Loan are due on each December 1 commencing on December 1, 2024. The 2023 Loan matures on December 1, 2033, with a termination date of December 2, 2047, being the date on which no further payments will be due on the 2023 Loan regardless of the amount of principal and interest paid prior to that date. The District may, at its option, prepay the 2023 Loan in whole or in part, on any date which is prior to December 21, 2028, at a redemption price equal to the sum of (1) 100% of the principal amount prepaid, plus (2) accrued interest thereon to the prepayment date, plus (3) administrative fees, if any, plus (4) a make-whole fee equal to 1% of the amount of the prepayment or the Yield Maintenance Fee, whichever is greater. On and after December 21, 2028, the District may, at its option, prepay the 2023 Loan in whole or in part, at a redemption price equal to 100% of the principal amount of the redeemed loan, plus accrued interest thereon to the redemption date, without any prepayment penalty or Premium.

The 2023 Loan is secured by the Pledged Revenue which includes the Required Mill Levy, the portion of the Specific Ownership taxes allocable to the amount of the Required Mill Levy and any other legally available moneys which the Board determines in its sole discretion to apply as Pledged Revenue.

Events of Default

The Events of Default under the 2023 Loan Agreement include: (a) the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the 2023 Loan Agreement; (b) the District fails to observe or perform any of the material covenants, agreements, duties, or conditions on the part of the District in the 2023 Loan Agreement or the other Financing Documents to which it is a party that is not expressly set forth in Section 7.01 of the 2023 Loan Agreement, and the District fails to remedy the same to the satisfaction of the Lender within 30 days after the District obtains knowledge or receives written notice from the Lender of the occurrence of such failure, whichever occurs first (the "Cure Period Notice") (except for an Event of Default pursuant to (a) above, which shall not be subject to any cure period or Cure Period Notice); provided however, that there shall be no Event of Default for failure to observe or perform any of the covenants, agreements, or conditions on the part of the District in the Financing Documents which are qualified by the phrase "to the extent permitted by law" or by phrases of similar import, if a court or other tribunal of competent jurisdiction has determined in a final, non-appealable judgment that such covenants, agreements, or conditions are not permitted by law; (c) any representation or warranty made by the District in any Financing Document or any certificate, instrument, financial, or other statement furnished by the District to the Lender, proves to have been untrue or incomplete in any material respect when made or deemed made; (d) the pledge of the Pledged Revenue, the Collateral, or any other security interest created fails to be fully enforceable with the priority required; (e) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than $100,000 in the aggregate is rendered against the District and the District fails to vacate, bond, stay, pay, or satisfy such judgment or court order within 30 days of the entry thereof; (f) a change occurs in the financial or operating conditions of the District, or the occurrence of any other event that, in the Lender's reasonable judgment, 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 2023 Loan Agreement or its other obligations, and the District fails to cure such condition within 30 days after written notice thereof from the Lender; (g) (i) the District shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts; or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the District any case, proceeding, or other action of a nature referred to in Section 7.01 (f) of the 2023 Loan Agreement and the same shall remain undismissed 60 days after the filing thereof; or (iii) there shall be commenced against the District any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any material part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal, within 30 days from the entry thereof; (iv) the District shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii)

above; or (v) the District shall generally not or shall be unable to, or shall admit in writing its inability to pay its debts when due; (h) any Financing Document or any material provision hereof or thereof, (i) ceases to be valid and binding on the District or is declared null and void, or the validity or enforceability thereof is contested by the District or the District denies it has any or further liability under any such document to which it is a party; or (ii) any pledge or security interest created under the Financing Documents fails to be fully enforceable with the priority required hereunder or thereunder; (i) the District shall initiate, acquiesce, or consent to any proceedings to dissolve itself or to consolidate itself with other similar entities into a single entity, or the District shall otherwise cease to exist; and (j) any funds or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established hereunder shall become subject to any writ, judgment, warrant, attachment, execution, or similar process.

Remedies to the Events of Default

In addition to the application of the Default Rate, upon the occurrence and during the continuance of any Event of Default, the Lender at its option, may do any one or more of the following: exercise any and all remedies available under the 2023 Loan Agreement; (b) apply all amounts constituting Collateral to the amounts due under the 2023 Loan Agreement, in any order of priority determined by the Lender; (c) proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Lender; (d) and take any other action or exercise any other remedy available under the Financing Documents, at law or in equity; provided however, that notwithstanding the foregoing or anything else in the 2023 Loan Agreement to the contrary: (i) except for the application of the Default Rate no remedy will lie at law or in equity for any Event of Default consisting solely of the failure of the District to pay the principal of, interest on the Loan when due, it being acknowledged by the Lender that the amount of Pledged Revenue is limited in accordance with the terms in the 2023 Loan Agreement; and (ii) acceleration shall not be an available remedy for an Event of Default.

The 2023 Loan proceeds along with funds on hand were deposited in an escrow account to repay the General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2017A ("Series 2017A Bonds") and the Subordinate General Obligation Limited Tax Bonds, Series 2017B ("Series 2017B Bonds"). As a result, the Series 2017A Bonds and the Series 2017B Bonds were considered defeased and were removed from the District's Statement of Net Position. The refunding resulted in a net present value savings of $4,335.

The following is a summary of the annual long-term debt principal and interest requirements for the 2023 Loan.

	Principal	Interest	Total
2026	$ 57,000	$ 127,967	$ 184,967
2027	60,000	125,188	185,188
2028	66,000	122,596	188,596
2029	70,000	119,043	189,043
2030	77,000	115,629	192,629
2031-2033	2,294,000	323,725	2,617,725
	$ 2,624,000	$ 934,148	$ 3,558,148

Debt Authorization

The limit on the District's ability to issue Debt is set forth in its Service Plan as $3,335,000 (the "Service Plan Debt Issuance Limit"). In no event is the District authorized to issue Debt in an amount that exceeds the Service Plan Debt Issuance Limit; provided, however, that the Service Plan Debt Issuance Limit does not apply to refunding Debt.

The District's voters have authorized the District to issue Debt in accordance with the Service Plan Debt Issuance Limit.

There is approximately $481,000 of the Service Plan Debt Issuance Limit remaining.

In the future, the District may issue a portion or all of the remaining Service Plan Debt Issuance Limit for purposes of providing public improvements to support development as it occurs within the District's service area.

Facilities Funding and Acquisition Agreement.

Pursuant to the Facilities Funding and Acquisition Agreement between the District and Century at Salisbury Heights, LLC (the "Developer"), effective December 4, 2014, (the "FFA Agreement"), the District agreed to reimburse the Developer for advances made for District organization expenses, construction related expenses (up to $4,687,997), and/or acquisition of Public Improvements plus additional amounts advanced by the Developer pursuant to the terms therein. For organization expenses and construction related expenses, simple interest accrues at the rate of 8% per annum until paid. The FFA Agreement provides that payments to the Developer will apply first to accrued and unpaid interest and then to principal amounts owed. The term of the FFA Agreement will expire on December 31, 2044, and any principal and accrued interest then outstanding shall be deemed forever discharged and satisfied in full.

The Developer has agreed to design, construct, and complete certain Public Improvements in accordance with the provisions of the FAA Agreement for District acquisition upon completion. The Public Improvements will be constructed in full conformance with the design standards and specifications as established and in use by the District or other appropriate jurisdiction and in accordance with the provisions of the FAA Agreement and the District's Service Plan.

For construction related costs incurred by the Developer, the FAA Agreement requires an independent engineer to verify that such Public Improvements have been constructed or installed in accordance with approved plans and specifications and that the costs incurred by the Developer for construction of the subject Public Improvements are market reasonable prior to the District's acceptance of such costs and the obligation to reimburse the Developer for such costs.

Additionally, the District's obligations to reimburse the Developer for any and all funds advanced or otherwise payable to the Developer under and pursuant to the FFA Agreement (whether the Developer has already advanced or otherwise paid such funds or intends to make such advances or payments in the future) will terminate automatically upon certain events as described in the FFA Agreement. The termination of the District's reimbursement obligations as set forth in this paragraph are absolute and binding upon the Developer, its successors and assigns.

No payment was required of the District unless and until the District issued bonds in an amount sufficient to reimburse the Developer for all or a portion of the Organization Expenses, Developer Advances and/or Verified Costs. In addition, the District agrees to utilize any available moneys not otherwise pledged to payment of bonds, used for operation and maintenance expenses, or otherwise encumbered, to reimburse the Developer. Reimbursement of the Developer is subject to annual appropriation of funds by the District. The District's obligation to reimburse the Developer pursuant to the FAA Agreement does not represent a debt or indebtedness of the District or multiple fiscal year obligation of the District. During 2017, the District issued the Series 2017ABonds and the Series 2017B Bonds in an aggregate amount of $2,854,000, the net proceeds were used to repay the Developer. At December 31, 2025, the District owes the Developer $1,948,423 under this agreement including principal of $1,150,245 and $798,178 in accrued interest.

Note 5: Tax, Spending and Debt Limitations

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

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

On May 6, 2014, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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

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

Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

1) unamortized deferred cost on refunding are not financial resources and, therefore are not reported in the funds; and,
2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and
2) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

Salisbury Heights Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 171,630	$ 171,504	$ (126)
Specific ownership taxes	12,014	13,211	1,197
Interest income	2,500	24	(2,476)
Total Revenues	186,144	184,739	(1,405)
EXPENDITURES			
Loan principal	51,000	51,000	-
Interest expense loan	130,455	130,097	358
Trustee fees	5,500	-	5,500
Treasurer's fees	2,574	2,574	-
Total Expenditures	189,529	183,671	5,858
NET CHANGE IN FUND BALANCE	(3,385)	1,068	4,453
FUND BALANCE:			
BEGINNING OF YEAR	34,645	39,366	4,721
END OF YEAR	$ 31,260	$ 40,434	$ 9,174

The notes to the financial statements are an integral part of these statements.

Salisbury Heights Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2025

For Collection Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Tax		Percent Collected to Levied
		General Fund	Debt Service	Levied	Collected	
2016	$ 896,200	42.827	0.000	$ 38,382	$ 38,382	100.00%
2017	$ 1,716,670	42.827	0.000	$ 73,520	$ 73,520	100.00%
2018	$ 2,437,150	15.204	29.775	$ 109,621	$ 109,620	100.00%
2019	$ 3,319,210	11.764	35.583	$ 157,155	$ 157,154	100.00%
2020	$ 4,297,570	9.047	38.631	$ 204,900	$ 204,899	100.00%
2021	$ 4,426,500	9.047	38.631	$ 211,047	$ 211,047	100.00%
2022	$ 4,585,700	9.047	38.631	$ 218,638	$ 218,637	100.00%
2023	$ 4,475,350	9.047	39.559	$ 217,528	$ 217,528	100.00%
2024	$ 6,113,540	7.143	28.060	$ 215,215	$ 217,066	100.86%
2025	$ 6,116,540	7.143	28.060	$ 215,321	$ 215,162	99.93%
Estimated for year ending December 31, 2026	$ 6,065,030	7.643	29.000	$ 222,241		

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