JACOBY FARM METROPOLITAN DISTRICT
WELD COUNTY, COLORADO

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2025

JACOBY FARM METROPOLITAN DISTRICT

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FISCAL FOCUS PARTNERS LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jacoby Farm Metropolitan District
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Jacoby Farm 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.

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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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as identified in the table of contents is presented for 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 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 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 29, 2026

BASIC FINANCIAL STATEMENTS

JACOBY FARM METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 8,648
Cash and Investments - Restricted	6,316
Accounts Receivable	15,044
Prepaid Expense	5,559
Property Taxes Receivable	344,744
Capital Assets, Not Being Depreciated	186,760
Capital Assets, Net	602,682
Total Assets	1,169,753
LIABILITIES	
Accounts Payable	1,040
Unearned Assessments and Fees	1,090
Noncurrent Liabilities:	
Due in More Than One Year	11,584,664
Total Liabilities	11,586,794
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	344,744
Total Deferred Inflows of Resources	344,744
NET POSITION	
Restricted for:	
Emergencies	4,450
Debt Service	1,866
Unrestricted	(10,768,101)
Total Net Position	$ (10,761,785)

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

JACOBY FARM METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

		Program Revenues			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	$ 222,868	$ 60,641	$ -	$ -	$ (162,227)
Interest on Long-Term Debt and Related Costs	560,985	-	-	-	(560,985)
Total Primary Government	$ 783,853	$ 60,641	$ -	$ -	(723,212)
		General Revenues:			
		Property Taxes			323,431
		Specific Ownership Taxes			13,103
		Interest Income			5,678
		Fees and Fines			4,302
		Total General Revenues			346,514
		Change in Net Position			(376,698)
		Net Position - Beginning of Year			(10,385,087)
		Net Position - End of Year			$ (10,761,785)

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

JACOBY FARM METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2025

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	$ 8,648	$ -	$ 8,648
Cash and Investments - Restricted	4,450	1,866	6,316
Accounts Receivable	15,044	-	15,044
Prepaid Expense	5,559	-	5,559
Property Taxes Receivable	70,098	274,646	344,744
Total Assets	$ 103,799	$ 276,512	$ 380,311
LIABILITIES			
Accounts Payable	$ 1,040	$ -	$ 1,040
Unearned Assessments and Fees	1,090	-	1,090
Total Liabilities	2,130	-	2,130
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	70,098	274,646	344,744
Total Deferred Inflows of Resources	70,098	274,646	344,744
FUND BALANCES			
Nonspendable			
Prepaid Expenses	5,559	-	5,559
Restricted for:			
Emergencies	4,450	-	4,450
Debt Service	-	1,866	1,866
Assigned			
Subsequent Year's Expenditures	2,082	-	2,082
Unassigned	19,480	-	19,480
Total Fund Balances	31,571	1,866	33,437
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 103,799	$ 276,512	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital Assets, Net	789,442
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	(9,750,000)
Developer Advances	(55,453)
Accrued Interest Payable - Bonds	(1,366,755)
Accrued Interest Payable - Developer Advances	(412,456)
Net Position of Governmental Activities	$ (10,761,785)

JACOBY FARM METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2025

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	$ 68,729	$ 254,702	$ 323,431
Specific Ownership Taxes	13,103	-	13,103
Water Fees	60,641	-	60,641
Fees and Fines	4,302	-	4,302
Investment Income	216	5,462	5,678
Total Revenues	146,991	260,164	407,155
EXPENDITURES			
General Government			
Management and Accounting	35,494	-	35,494
Auditing	-	7,200	7,200
County Treasurer's Fees	1,031	3,821	4,852
Election	1,524	-	1,524
Engineers	9,799	-	9,799
Insurance	5,253	-	5,253
Landscape and Maintenance	59,229	-	59,229
Legal	8,938	-	8,938
Office and Administration	3,560	317	3,877
Utilities	13,304	-	13,304
Water Assessments	18,143	-	18,143
Debt Service			
Bond Interest	-	237,000	237,000
Paying Agent Fee	-	4,000	4,000
Total Expenditures	156,275	252,338	408,613
Net Change in Fund Balances	(9,284)	7,826	(1,458)
Fund Balances (Deficit) - Beginning of Year	40,855	(5,960)	34,895
Fund Balances - End of Year	$ 31,571	$ 1,866	$ 33,437

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

JACOBY FARM 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	$	(1,458)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful life of the asset.		
Depreciation Expense		(66,593)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Bond Interest Payable - Change in Liability		(303,656)
Accrued Interest Payable on Developer Advances - Change in Liability		(4,991)
Change in Net Position of Governmental Activities	$	(376,698)

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

JACOBY FARM METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property Taxes	$ 68,729	$ 68,729	$ 68,729	$ -
Specific Ownership Tax	19,406	19,406	13,103	(6,303)
Water Fees	60,000	60,000	60,641	641
Fees and Fines	-	2,300	4,302	2,002
Investment Income	-	252	216	(36)
Total Revenues	148,135	150,687	146,991	(3,696)
EXPENDITURES				
Management and Accounting	34,944	35,344	35,494	(150)
County Treasurer's Fees	1,031	1,031	1,031	-
Election	3,000	5,977	1,524	4,453
Engineers	5,000	5,000	9,799	(4,799)
Insurance	5,495	5,253	5,253	-
Landscape and Maintenance	58,662	61,468	59,229	2,239
Legal	7,000	7,000	8,938	(1,938)
Office and Administration	4,439	3,893	3,560	333
Utilities	11,500	13,000	13,304	(304)
Water Assessments	18,143	18,143	18,143	-
Total Expenditures	149,214	156,109	156,275	(166)
Net Change in Fund Balances	(1,079)	(5,422)	(9,284)	(3,862)
Fund Balances - Beginning of Year	43,950	40,855	40,855	-
Fund Balances - End of Year	$ 42,871	$ 35,433	$ 31,571	$ (3,862)

JACOBY FARM METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

Note 1 – Definition of Reporting Entity

Jacoby Farm Metropolitan District (District) is a quasi-municipal corporation and political subdivision of the State of Colorado, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was formerly the Windsor Northwest Metropolitan District No. 3 and was established as part of a quad-district structure with the Windsor Northwest Metropolitan District Nos. 1, 2 and 4. Originally, the Windsor Northwest Metropolitan Districts were established to provide financing and tax basis for the construction of capital improvements to benefit all four Districts. In 2008, District Nos. 1 and 4 ceased operation and were dissolved. In 2008, District No. 3 became Jacoby Farm Metropolitan District and consists of 122,475 acres known as the Jacoby Farm Subdivision in Weld County, Colorado.

The primary purpose of the District is to finance, operate and maintain the public improvements, as specifically authorized by the Districts' Service Plan or in an intergovernmental agreement with the Town of Windsor. The District is governed by a five-member Board of Directors (the Board) elected by the constituents.

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.

Note 2 – Summary of Significant Accounting Policies

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and 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 and capital 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 revenues 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, specific ownership taxes and irrigation water fees. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 budget for the year ended December 31, 2025. The General Fund is over budget, which may be a violation of Colorado Local Government Budget Law.

Pooled Cash and Investments

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

Receivables

Accounts receivable consist of homeowner water fees and other miscellaneous fees and fines earned as of December 31, 2025. The District considers all accounts receivable collectible as of 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 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, including land, water rights and non-potable water system, 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 cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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 capital assets. Depreciation is reported as a current charge in the statement of activities. Capital assets are depreciated using the straight-line method over the estimated useful life of 20 years.

Deferred Ouflows/Inflows of Resources

In addition to assets, the statement of net 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 does not have any items that qualify for reporting in this category.

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

<u>Net Position</u>
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.

<u>Fund Balance</u>
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	$	8,648
Cash and investments-Restricted		6,316
Total cash and investments	$	14,964

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

Deposits with financial institutions	$	10,205
Investments		4,759
Total cash and investments	$	14,964

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 carrying balance of $10,205.

Investments

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

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

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

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	$ 4,759

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios: COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. 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.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and 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, and any security allowed under CRS 24-75-601.

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 PRIME AND COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period. The District holds all its investments in the COLOTRUST PLUS+ portfolio.

Note 4 – Capital assets

An analysis of the changes in capital assets for the year ended December 31, 2025 follows:

	Balance at December 31, 2024	Additions	Deletions	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 179,260	$ -	$ -	$ 179,260
Water Rights	7,500	-	-	7,500
Total Capital Assets, Not Being Depreciated	186,760	-	-	186,760
Capital Assets, Being Depreciated:				
Non-Potable Water System	1,331,858	-	-	1,331,858
Total Capital Assets, Being Depreciated	1,331,858	-	-	1,331,858
Less Accumulated Depreciation For:				
Non-Potable Water System	662,583	66,593	-	729,176
Total Accumulated Depreciation	662,583	66,593	-	729,176
Total Capital Assets Being Depreciated, Net	669,275	(66,593)	-	602,682
Governmental Activities Capital Assets, Net	$ 856,035	$ (66,593)	$ -	$ 789,442

Depreciation expense was charged to the general government function.

Note 5 – 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:					
Series 2021 Limited Tax Refunding Bonds	$ 9,750,000	$ -	$ -	$ 9,750,000	$ -
Accrued Interest on Bonds, Series 2021	1,063,097	540,656	237,000	1,366,753	-
Other:					
Developer Advance - Operating	55,453	-	-	55,453	-
Accrued Interest - Developer Advance - Operating	37,821	4,991	-	42,812	-
Accrued Interest - Developer Advance - Capital	369,646	-	-	369,646	-
Total Long-Term Obligations	$ 11,276,017	$ 545,647	$ 237,000	$ 11,584,664	$ -

The details of the District's general obligation bonds outstanding during 2025 are as follows:

Limited Tax General Obligation Refunding Bonds, Series 2021

On September 30, 2021, the District issued $9,750,000 of Limited Tax General Obligation Refunding Bonds, Series 2021 ("Series 2021 Bonds"). The Series 2021 Bonds were issued for the purpose of repaying the full amount of the Limited Tax General Obligation Note, Series 2010, repaying the full then-outstanding amount of the Taxable Subordinate Limited Tax General Obligation Note, Series 2018, and funding the costs of issuance. As part of the refunding project, in 2021 the Developer forgave $1,514,182 in principal on the Taxable Subordinate Limited Tax General Obligation Note, Series 2018.

The Series 2021 Bonds bear interest at a rate of 5%, payable annually on each December 15, commencing on December 15, 2022, to the extent that pledged revenue is available, and maturing on December 15, 2046. Accrued unpaid interest will compound annually on each interest payment date.

The Series 2021 Bonds are subject to a mandatory redemption commencing on December 15, 2022 from pledged revenue, if any, on deposit in the bond fund as determined by the Trustee on each November 15. Amounts shall be applied first to interest and then to principal after all interest and accrued interest has been paid.

The Series 2021 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity and in whole or partial maturities, commencing on December 15, 2026, upon payment of par, accrued interest, and a redemption premium that ranges from 3% down to 0%.

The Series 2021 Bonds are secured by pledged revenue which is defined as (a) property tax revenues derived from the Required Mill Levy, less the Operating Mill Levy, net of fees and (b) any other legally available monies which the District determined, in its sole discretion, to credit to the bond fund. The Operating Mill Levy is defined as $63,672, increased 2% annually beginning in 2021.

Events of default as defined in the Series 2021 Bond Indenture are 1) the failure of the District to impose the Required Mill Levy, or apply the pledged revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or bond resolution, other than as described in the Indenture, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Series 2021 Bonds.

Failure to pay the principal of or interest on the Series 2021 Bonds when due shall not, of itself, constitute an event of default under the Indenture. In addition, the District shall not be required to impose the Required Mill Levy for the payment of the Series 2021 Bonds after December 2050 (for collection in December 2051). Remedies available in the event of default include 1) receivership, 2) suit for judgement, and 3) mandamus or other suits. Acceleration of the Series 2021 Bonds is not an available remedy for an event of default.

As a result of issuance of the Series 2021 Bonds, the refunded bonds are considered to be defeased. This current refunding was undertaken to achieve interest rate savings and effect other economies. The refunding resulted in an economic gain of $813,333 due to the average interest rate of the Series 2021 Bonds being lower than the refunded bonds.

The Series 2021 Bonds are cash flow bonds with a principal amount of $9,750,000 due upon final maturity on December 15, 2046. Due to the uncertainty of the timing of interest and principal payments on the Series 2021 Bonds, no principal and interest payment schedule has been provided.

Authorized Debt

The District's authorization is more than 20 years old, and therefore, it is considered stale and no longer subject to section 32-1-1101.5 of the Special District Act.

Advance, Acquisition and Reimbursement Agreement

On September 30, 2013, the District entered into an Advance, Acquisition and Reimbursement Agreement ("AAR Agreement") with Richmond American Homes of Colorado (the "Residential Builder") under which the Residential Builder agreed to construct and complete various public improvements on behalf of the District, and to transfer the completed public improvements to the District or the Town of Windsor. Under the terms of the AAR Agreement, the District was to reimburse the Residential Developer for the Reimbursable Costs, as defined and subject to the terms in the agreement, associated with the acquisition or construction of the various public improvements.

To the extent that the District (i) receives bond proceeds for the acquisition or completion of the public improvements or (ii) has other legally available revenue, the District will, from such available sources, reimburse the Residential Builder all advances together with interest at the rate of 9% per annum. Under the AAR Agreement in 2014, the Residential Builder transferred to the District a non-potable irrigation water system. The value of the non-potable irrigation water system was established by a cost verification completed by an independent professional engineering firm.

On September 30, 2013, the Residential Builder entered into an agreement with Windsor CAS, LLC (Company) under which the Residential Builder assigned its reimbursement under the AAR Agreement to the Company. All of the advances under the AAR Agreement, the Operating Agreement and any other obligations shall be subordinate to all bonds or other multiple-fiscal year debt and financial obligations and not comprise multiple-fiscal year debt. The principal portion of the AAR Agreement was paid in 2018, by issuance of the Subordinate Limited Tax General Obligation Note, Series 2018, leaving accrued and unpaid interest. As of December 31, 2025 accrued and unpaid interest amounted to $369,646.

Operating Reimbursement Agreement

On November 6, 2013, the District entered into an Operating Reimbursement Agreement (“Operating Agreement”) with the Company under which the Company in its sole and absolute discretion may advance funds to the District for identified funding shortfalls related to the payment of operating, maintenance, and or administrative expenses of the District.

Under the terms of the Operating Agreement, if and to the extent the District has legally available revenue, the District will from such available sources reimburse the Company for all advances together with interest at the rate of 9% per annum.

The Operating Agreement shall terminate on the date the entire advance and any accrued interest has been paid in full or November 5, 2043, whichever date occurs first in time. As of December 31, 2025, the balance due under the Operating Agreement, including unpaid interest in the amount of $42,812, was $98,265.

Note 6 – Commitments

The District entered into an agreement with the Lake Canal Reservoir Company on April 2020 to purchase water for irrigation from June 1, 2020 through May 31, 2025 with the option to extend the agreement for three five-year terms. The District may purchase up to 21.09 acre-feet (a.f.) of water annually with an annual minimum of 9.85 a.f. at a cost of $689 per a.f. adjusted annually by CPI or a minimum of 4% beginning on June 1, 2021. The costs to the District for water purchased under this supply contract for the fiscal year ended December 31, 2025 were approximately $18,143 and were charged to operations as incurred. Pursuant to the agreement, the District has elected to extend the agreement for another five-year term for the period June 1, 2025 to May 31, 2030.

Estimated future commitments under the original and extended agreement are as follows:

For the year ended December 31,		
2026	$	18,684
2027		19,432
2028		20,209
2029		21,017
Total	$	79,342

Actual results could vary from estimates based upon usage and CPI adjustments in excess of 4%.

Note 7 – 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	$	4,450
Debt service		1,866
Total restricted net position	$	6,316

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to other governmental entities.

Note 8 – Related Parties

One member of the Board of Directors is an owner of the Company, which is the current developer, and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed.

The District has entered into various funding agreements with the Company, see Note 5.

Note 9 – 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 an 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 10 - 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.

On November 2002, 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 TABOR.

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.

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.

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SUPPLEMENTARY INFORMATION

JACOBY FARM METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property Taxes	$ 254,702	$ 254,702	$ -
Investment Income	5,094	5,462	368
Total Revenues	259,796	260,164	368
EXPENDITURES			
General Government			
Auditing	8,500	7,200	1,300
County Treasurer's Fees	3,821	3,821	-
Office and Administration	-	317	(317)
Debt Service			
Bond Interest	243,475	237,000	6,475
Paying Agent Fee	4,000	4,000	-
Total Expenditures	259,796	252,338	7,458
Net Change in Fund Balances	-	7,826	7,826
Fund Balances (Deficit) - Beginning of Year	-	(5,960)	(5,960)
Fund Balances - End of Year	$ -	$ 1,866	$ 1,866