REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

CONTENTS

	Page
Independent Auditor's Report	I
Basic Financial Statements	
Balance Sheet/Statement of Net Position – Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities – Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
Supplemental Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	17
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	18
Continuing Disclosure Annual Financial Information – Unaudited	
History of Assessed Valuations and Debt Service Mill Levies for the District	19
Debt Service Property Tax Collections in the District	19

FLYNN CPA, LLC
Bill@flynn-cpa.com
(303) 970-9698

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Reata Ridge Village Metropolitan District No. 2
Douglas County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Reata Ridge Village Metropolitan District No. 2 (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 Reata Ridge Village Metropolitan District No. 2 as of December 31, 2025, and the respective changes in financial position and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Matters

Required Supplemental Information

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

Supplemental Information

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

Unaudited Information

The Continuing Disclosure Annual Financial Information – Unaudited as listed in the table of contents has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.

Flynn CPA, LLC

Castle Pines, CO
September 9, 2026

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	$ 93,473	$ -	$ 93,473	$ -	$ 93,473
Cash and investments - Restricted	968	846,714	847,682	-	847,682
Receivable - County Treasurer	215	739	954	-	954
Property taxes receivable	33,491	116,003	149,494	-	149,494
Due from District No. 1	-	6,092	6,092	-	6,092
Prepaid expenses	3,212	-	3,212	-	3,212
Total Assets	$ 131,359	$ 969,548	$ 1,100,907	-	1,100,907
LIABILITIES					
Accounts payable	$ 3,379	$ -	$ 3,379	-	3,379
Due to District No. 1	1,750	-	1,750	-	1,750
Accrued interest on bonds	-	-	-	18,125	18,125
Long-term liabilities:					
Due within one year	-	-	-	75,049	75,049
Due in more than one year	-	-	-	11,128,275	11,128,275
Total Liabilities	5,129	-	5,129	11,221,449	11,226,578
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	33,491	116,003	149,494	-	149,494
Total Deferred Inflows of Resources	33,491	116,003	149,494	-	149,494
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepaids	3,212	-	3,212	(3,212)	-
Restricted:					
Emergencies	968	-	968	(968)	-
Debt service	-	853,545	853,545	(853,545)	-
Assigned:					
Subsequent years disbursements	58,764	-	58,764	(58,764)	-
Unassigned	29,795	-	29,795	(29,795)	-
Total Fund Balances	92,739	853,545	946,284	(946,284)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 131,359	$ 969,548	$ 1,100,907		
Net Position:					
Restricted for:					
Emergencies				968	968
Debt service				835,420	835,420
Unrestricted				(11,111,553)	(11,111,553)
Total Net Position				$ (10,275,165)	$ (10,275,165)

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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	$ 13,402	$ -	$ 13,402	$ -	$ 13,402
Insurance	655	-	655	-	655
Legal	7,793	-	7,793	-	7,793
Miscellaneous expenses	604	-	604	-	604
Treasurer's fees	502	1,725	2,227	-	2,227
Bond principal	-	55,000	55,000	(55,000)	-
Bond interest expense	-	220,250	220,250	133,732	353,982
Paying agent fees	3,000	-	3,000	-	3,000
Developer advances - interest	-	-	-	256,034	256,034
Total Expenditures	25,956	276,975	302,931	334,766	637,697
GENERAL REVENUES					
Property taxes	33,490	115,018	148,508	-	148,508
Specific ownership taxes	2,578	8,853	11,431	-	11,431
Transfer from District #1	-	271,800	271,800	-	271,800
Interest income	-	34,959	34,959	-	34,959
Total General Revenues	36,068	430,630	466,698	-	466,698
NET CHANGES IN FUND BALANCES	10,112	153,655	163,767	(163,767)	
CHANGE IN NET POSITION				(170,999)	(170,999)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	82,627	699,890	782,517	(10,886,683)	(10,104,166)
END OF YEAR	$ 92,739	$ 853,545	$ 946,284	$ (11,221,449)	$ (10,275,165)

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 33,490	$ 33,490	$ -
Specific ownership taxes	2,009	2,578	569
Total Revenues	35,499	36,068	569
EXPENDITURES			
Accounting and audit	12,600	13,402	(802)
Dues	650	-	650
Election expense	2,000	-	2,000
Insurance	310	655	(345)
Legal	10,000	7,793	2,207
Miscellaneous expenses	1,000	604	396
Treasurer's fees	502	502	-
Paying agent fees	2,500	3,000	(500)
Repay developer advances	2,600	-	2,600
Transfer to debt service	35,000	-	35,000
Contingency	12,266	-	12,266
Emergency reserve	887	-	887
Total Expenditures	80,315	25,956	54,359
NET CHANGE IN FUND BALANCE	(44,816)	10,112	54,928
FUND BALANCE:			
BEGINNING OF YEAR	44,816	82,627	37,811
END OF YEAR	$ -	$ 92,739	$ 92,739

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Reata Ridge Village Metropolitan District No. 2, located in the Town of Parker, 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 November 28, 2017, as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the property owners and taxpayers of the District. The District's primary revenues are property taxes and transfers from Reata Ridge Village Metropolitan District No. 1 ("District No. 1"). The District is governed by an elected Board of Directors.

The District was organized in conjunction with Reata Ridge Village Metropolitan District No. 1 under the Consolidated Service Plan for Reata Ridge Village Metropolitan District Nos. 1 and 2, approved by the Town of Parker n April 4, 2016 (with Amended and Restated Exhibits A and C-1 for District No. 2, approved January 17, 2017).

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 *availabl*e 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

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

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

The District follows the practice of pooling cash 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.

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 assets 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 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 assets 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.

Bond Premium
The Bond Premium from the Series 2019A Bonds in the original amount of $225,184 is being amortized over the respective terms of the bonds using the interest/straight-line method. Accumulated amortization of the bond premium amounted to $61,300 at December 31, 2025.

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.

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.

Fund Balance
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.

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 $968 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 $853,545 is restricted for the payment of the debt service costs associated with the Series 2019A and Series2019B(3) Bonds (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.

The assigned fund balance in the General Fund in the amount of $58,764 represents the amount appropriated for use in the budget for the year ending December 31, 2026.

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.

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.

The District has a deficit in unrestricted net position as of December 31, 2025. This deficit amount is the result of the District being responsible for the payment of debt issued for public improvements that were conveyed to other governmental entities and which costs were removed from the District's financial records.

Adoption of New Accounting Standards

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.

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. 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	$ 93,473
Cash and investment – Restricted	847,682
Total	$ 941,155

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

Deposits with financial institutions	$ 96,243
Investments – CSAFE	844,912
	$ 941,155

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 does not have a formal policy 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. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost. The District's investments are not required to be categorized within the fair value hierarchy. This investments' values are calculated using the net asset value method (NAV) per share.

Credit Risk

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

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust ("CSAFE"), is rated AAAmmf by Fitch Ratings with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at $1.00. CSAFE offers shares in two portfolios, one of which is CSAFE Cash Fund. CSAFE Cash Fund may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records identify the investments owned by CSAFE. At December 31, 2025, the District had $844,912 invested in CSAFE held by a trustee.

Note 3: Long Term Debt

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

Series 2019A Limited Tax General Obligation Bonds
The District issued $4,510,000 of Limited Tax General Obligation Bonds, Series 2019A (the "Series 2019A Bonds") dated December 31, 2019. The Series 2019A Bonds were issued for the purposes of funding the costs of public improvements for the benefit of the District and District No. 1, providing capitalized interest for payment of a portion of the interest of the Series 2019A Bonds, funding the Series 2019A Reserve Fund and paying the costs of issuance of the Series 2019A Bonds. The Series 2019A Bonds bear interest at the rate of 5.00%, payable semiannually on each June 1 and December 1, commencing on June 1, 2020. The Series 2019A Bonds are secured by Pledged Revenues including the Issuer Senior Required Mill Levy (as defined in the Indenture of Trust for the Series 2019A Bonds or the "Series 2019A Indenture"), the District No. 1 Senior Required Mill Levy (as defined in the Series 2019A Indenture), specific ownership taxes attributable to the Issuer's and District No. 1's Senior Required Mill Levies and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Senior Indenture Trustee for application as Senior Pledged Revenue. The Series 2019A Bonds are also secured by a Reserve Requirement in the amount of $348,250 and a Surplus Fund Requirement of $451,000. As long as the amount on deposit in the Surplus Fund is less than the Surplus Fund Requirement, the Required Mill levy shall equal 50 mills from the District and 47.678 mills, subject to adjustment, from District No. 1 less their respective Operations Levies. As of December 31, 2025, the District has $348,178 deposited in the Reserve Fund and $447,978 deposited in the Surplus Fund.

The Series 2019A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2022. The Series 2019A Bonds are also 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, on December 1, 2024, and on any date thereafter, upon payment of the principal so redeemed and accrued interest thereon to the date of redemption, plus a redemption premium as follows:

3% of the amount redeemed from December 1, 2024 to November 30, 2025
2% of the amount redeemed from December 1, 2025 to November 30, 2026
1% of the amount redeemed from December 1, 2026 to November 30, 2027
Redemptions on and after December 1, 2027 are at par

Series 2019B$_{(3)}$ Subordinate Limited Tax General Obligation Bonds
On December 31, 2019, the District issued $1,229,000 of Subordinate Limited Tax General Obligation Bonds (the "Series 2019B$_{(3)}$ Bonds"). The Series 2019B$_{(3)}$ Bonds were issued for the purposes of funding the costs of public improvements for the benefit of the District and District No. 1 and paying the costs of issuance of the Series 2019B$_{(3)}$ Bonds. The Series 2019B$_{(3)}$ Bonds bear interest at the rate of 8.00%, payable annually on December 15, commencing on December 15, 2020, to the extent that Subordinate Pledged Revenue is available. The Series 2019B$_{(3)}$ Bonds are secured by Pledged Revenues including the Issuer Subordinate Required Mill Levy (as defined in the Indenture of Trust for the Series 2019B$_{(3)}$ Bonds or the "Series 2019B$_{(3)}$ Indenture"), the District No. 1 Subordinate Required Mill Levy

(as defined in the Series 2019B$_{(3)}$ Indenture), specific ownership taxes attributable to the Issuer's and District No. 1's Subordinate Required Mill Levies and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue.

The Series 2019B$_{(3)}$ Bonds are "cash flow" bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Subordinate Pledged Revenue for payment. In the event any amounts due and owing on the Series 2019B$_{(3)}$ Bonds remain outstanding on December 16, 2059, such amounts shall be deemed discharged and shall no longer be due and outstanding.

Developer Advances - Capital

On December 5, 2017, the District and Reata Ridge Realty Partners, LLC (the "Developer") entered into an Infrastructure Acquisition and Reimbursement Agreement (the "Acquisition Agreement"). Pursuant to the Acquisition Agreement, the Districts acknowledged that the Developer had incurred certain costs related to the public infrastructure for the benefit of the District and District No. 1 (the "Districts") and expects to incur additional costs. Per the Acquisition Agreement, the Districts will reimburse the Developer for all District Eligible Costs to the extent constituting Repayment Obligations (as defined in the Acquisition Agreement), acquire Public Infrastructure constructed for the benefit of the Districts from the Developer that is not being dedicated to other governmental entities, and to pay all reasonable costs thereto and reimburse the Developer for any costs incurred by the Developer for Public Infrastructure that is being dedicated to third parties on behalf of the Districts. The Repayment Obligation shall bear simple interest at a rate of 8% per annum from the date any such Repayment Obligation is incurred, to the earlier of the date a Reimbursement Obligation (as defined in the Acquisition Agreement) is issued or the date of payment of such amount in full. The Districts intend to repay all District Eligible Costs, together with interest thereon, subject to annual appropriation and budget approval. In 2018, 2019 and 2020, the District repaid Developer Advances in the amount of $5,173, $4,918,935 and $849, respectively. As of December 31, 2025, the principal amount of the reimbursement obligation under the Acquisition Agreement was $3,200,426 along with accrued interest in the amount of $1,536,759.

Developer Advances - Operations

On December 5, 2017, the District and the Developer entered into a Funding and Reimbursement Agreement (Operations and Maintenance) (the "O&M Agreement"). Pursuant to the O&M Agreement, the Developer agrees to loan the District and District No. 1 (the "Districts"), one or more sums of money as requested by the Districts for the Costs (as defined in the O&M Agreement) incurred or to be incurred by the Districts and the Districts acknowledged that the Developer had incurred Costs on behalf of the Districts prior to the execution of this Agreement. The Reimbursement Obligation (as defined in the O&M Agreement) shall bear simple interest at a rate of 8% per annum from the date any such advance is made, to the earlier of the date a Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount. The term for repayment of this obligation shall not extend beyond 40 years from the date of this agreement and shall be specifically subject to the Districts' electoral and Service Plan authorization. The Districts intend to repay any advances for Costs from ad valorem taxes, fees or other legally available revenues from the Districts, net of any debt service or current operations

and maintenance costs of the Districts. Any mill levy certified by the Districts for the purposes of repaying advances made hereunder shall not exceed 50 mills and shall be further subject to any restrictions provided in the Districts' Service Plan, electoral authorizations or any applicable laws. In 2018 and 2019, the District repaid Developer Advances in the amount of $21,918 and $5,309, respectively. As of December 31, 2025, there are no amounts due under the O&M Agreement.

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

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Current Portion
General Obligation Bonds					
Limited Tax General Obligation Bonds Series 2019A	$ 4,405,000	$ -	$ (55,000)	$ 4,350,000	$ 65,000
Subordinate Limited Tax General Obligation Bonds Series 2019B(3)	1,229,000	-	-	1,229,000	-
Subordinate Limited Tax General Obligation Bonds Series 2019B(3) - Accrued Interest	579,119	144,137	-	723,256	-
Bond premium - Series 2019A	174,059	-	(10,176)	163,883	10,049
Total	6,387,178	144,137	(65,176)	6,466,139	75,049
Other					
Developer Advance - Capital	3,200,426	-	-	3,200,426	-
Developer accrued interest - Capital	1,280,725	256,034	-	1,536,759	-
Total	4,481,151	256,034	-	4,737,185	-
	$ 10,868,329	$ 400,171	$ (65,176)	$ 11,203,324	$ 75,049

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2019A Bonds.

	Principal	Interest	Total
2026	$ 65,000	$ 217,500	$ 282,500
2027	65,000	214,250	279,250
2028	75,000	211,000	286,000
2029	80,000	207,250	287,250
2030	90,000	203,250	293,250
2031-2035	555,000	942,000	1,497,000
2036-2040	800,000	780,750	1,580,750
2041-2045	1,105,000	551,750	1,656,750
2046-2049	1,515,000	219,500	1,734,500
	$ 4,350,000	$ 3,547,250	$ 7,897,250

As of December 31, 2025, the District had remaining voted debt authorization of approximately $103,761,000. The District has not budgeted to issue any additional debt in 2026. Per the District and District No. 1's Service Plan and the Intergovernmental Agreement with the Town of Parker, the Districts shall have the authority to issue debt for in an amount not to exceed $6,600,000.

Note 4: Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

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.

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) Long-term liabilities such as bonds payable, developer advances and accrued developer advance/bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Statement of Governmental Fund 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.

Note 8: Intergovernmental Agreements

Town of Parker Intergovernmental Agreement

On December 5, 2017, the District and District No. 1 entered into an Intergovernmental Agreement with the Town of Parker (the "Town"). Under this agreement, the Districts must obtain the approval of the Town Council prior to any inclusion of property outside of the service area into the boundaries of the Districts. Prior to the issuance of any privately placed debt, the Districts shall obtain a certificate from an External Financial Advisor certifying the reasonableness of the interest rate and the structure. The Agreement requires the Districts to dedicate the public improvements to the Town or other appropriate jurisdiction or owners association for ownership and maintenance consistent with the final approved plat(s) and subdivision agreements for the Property located within the Districts' boundaries, other rules and regulations of the Town, and applicable provisions of the Town Code. The District shall not be authorized to operate and maintain any part or all of the Public Improvements. Per the Agreement, the Districts shall not issue debt in excess of $6,600,000.

Capital Pledge Agreement

On December 31, 2019, the District and District No. 1 entered into a Capital Pledge Agreement. Under the Capital Pledge Agreement, District No. 1 pledged the Senior and Subordinate Capital Revenue to the repayment of the District's Series 2019A and Series 2019B$_{(3)}$ Bonds from revenues generated from the imposition of a capital mill levy. District No. 1 shall impose an ad valorem mill levy upon all taxable property of District No. 1 each year sufficient (when combined with other revenues of District No. 1 and the District) to pay annual bond costs, replenish the District's Reserve Fund to the reserve requirement, if necessary, and fund the Surplus Fund but not in excess of 47.678 mills less the District No. 1 Operations Levy (as described in the Pledge Agreement), subject to adjustment. The Capital Pledge Agreement will terminate on the first date on which no District obligations are outstanding, provided, however, that in no event shall the term of this Agreement extend beyond the Maximum Debt Mill Levy Imposition Term (as described in the Pledge Agreement).

SUPPLEMENTAL INFORMATION

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 115,018	$ 115,018	$ -
Specific ownership taxes	6,901	8,853	1,952
Transfer from District #1	287,346	271,800	(15,546)
Transfer from General Fund	35,000	-	(35,000)
Interest income	-	34,959	34,959
Total Revenues	444,265	430,630	(13,635)
EXPENDITURES			
Bond principal	55,000	55,000	-
Bond interest expense	220,250	220,250	-
Subordinate bond interest expense	102,890	-	102,890
Miscellaneous expenses	200	-	200
Treasurer's fees	1,725	1,725	-
Total Expenditures	380,065	276,975	103,090
NET CHANGE IN FUND BALANCE	64,200	153,655	89,455
FUND BALANCE:			
BEGINNING OF YEAR	735,050	699,890	(35,160)
END OF YEAR	$ 799,250	$ 853,545	$ 54,295

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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

Levy Year Ended December 31,	Collection Year Ended December 31,	Assessed Valuation	Mills Levied		Total Property Tax		Percent Collected to Levied
			General Fund	Debt Service	Levied	Collected (1)	
2018	2019	$ 869,410	50.000	0.000	$ 43,471	$ 43,471	100.00%
2019	2020	$ 861,240	38.159	11.841	$ 43,062	$ 43,062	100.00%
2020	2021	$ 1,767,850	18.767	31.233	$ 88,392	$ 88,392	100.00%
2021	2022	$ 2,216,590	14.967	35.033	$ 110,830	$ 110,830	100.00%
2022	2023	$ 2,420,620	13.836	36.164	$ 121,031	$ 121,031	100.00%
2023	2024	$ 2,865,820	11.687	40.891	$ 150,679	$ 152,008	100.88%
2024	2025	$ 2,824,050	11.859	40.728	$ 148,508	$ 148,508	100.00%
Estimated for year ending December 31, 2025	2026	$ 2,783,720	12.031	41.672	$ 149,494		

NOTE

(1) 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.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

CONTINUING DISCLOSURE ANNUAL
FINANCIAL INFORMATION
December 31, 2025
(Unaudited)

History of Assessed Valuations and Debt Service Mill Levies for the District

Levy Year	Collection Year	Assessed Valuation	Percent Increase	Mill Levy
2019	2020	861,240	0%	11.841
2020	2021	1,767,850	105%	31.233
2021	2022	2,216,590	25%	35.033
2022	2023	2,420,620	9%	36.164
2023	2024	2,865,820	18%	40.891
2024	2025	2,824,050	-1%	40.891
2025	2026	2,783,720	-1%	41.672

Debt Service Property Tax Collections in the District

Levy Year	Collection Year	Taxes Levied	Current Tax Collections (1)	Current Collections as % of Tax Levied
2019	2020	10,198	10,198	100%
2020	2021	55,215	55,215	100%
2021	2022	77,654	77,654	100%
2022	2023	87,539	87,539	100%
2023	2024	117,186	118,220	101%
2024	2025	115,018	115,018	100%
2025	2026	116,003		

(1) Figures are through December 31, 2025