2025 ANNUAL REPORT
MANAGER OF FINANCE AND MANAGER OF PUBLIC WORKS
SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2

As required by Section XI of the Service Plans for the South Sloan's Lake Metropolitan District No. 2 ("**District**"), approved by the City and County of Denver, Colorado on August 5, 2013, we present the following report of the District's activities from January 1, 2025 to December 31, 2025.

i. **Annual budget of the District**:

Please see attached **Exhibit A**, copy of the 2026 budget.

ii. **Annual construction schedules for the current year and reconciliation of the capital improvement program for completion of the Eligible Improvements in the following two (2) years**:

On January 17, 2025, the Board awarded a contract to BrightView for the 2025 16th Street Renovation Project, for the amount of $58,163.37.

On January 17, 2025, the Board awarded a contract to BrightView for the 2025 Perry Street Rock Conversion Project, for the amount of $37,689.14.

During 2025, the District completed the 16th Street Renovation Project and the Perry Street Rock Conversion Project. Additional landscape improvement projects are anticipated in 2026.

iii. **Annual audited financial statements (or any exemption filing made to the State Auditor) of the District**:

Please see attached **Exhibit B**, copy of the 2025 Audit.

iv. **Total debt authorized, total debt issued, and remaining debt authorized and intended to be issued by the District**:

Please see attached **Exhibit C**, a memorandum regarding the District's authorized, issued and remaining debt.

v. **Names and terms of the members of the Board of Directors and officers of the District during 2025**:

Beth Ellertson, President, Term Expires May 2029
Carl Koelbel, Treasurer, Term Expires May 2029

Sarah Laverty, Assistant Secretary, Term Expires May 2027
Joseph Iannuzzi, Assistant Secretary, Term Expires May 2027. Director Iannuzzi notified the Board on December 19, 2025, of his intention to resign effective February 2026.
Rachel McVey, Assistant Secretary, Term Expires May 2027

vi. **Any bylaws, rules and regulations of the District regarding bidding, conflict of interest, contracting and other governance matters**:

The District has not adopted any bylaws or rules and regulations, but complies with State statutes regarding bidding, potential conflicts of interest and other governance matters. In the event the District adopts any rules and regulations in the future, they may be accessed at the offices of Public Alliance, LLC (see below for contact information) or on the District's website at: https://southsloanslakemetro.org/.

vii. **Current intergovernmental agreements and amendments among the Districts**:

A list of the District's current intergovernmental agreements is attached hereto as **Exhibit D**. The District did not enter into or terminate any intergovernmental agreements during 2025.

viii. **A summary of all current contracts for services or construction of the District**:

Please see attached **Exhibit E**, a list of all current contracts for services or construction.

ix. **Current documentation of credit enhancements**:

There are no credit enhancements.

x. **Official statements of current outstanding bonded indebtedness of the District, if not already received by the City**:

The District issued its Limited Tax General Obligation Refunding and Improvement Bonds on December 10, 2019, and copies of required documents were provided to the City at the time of issuance.

xi. **Current approved Service Plans of the District and amendments thereto**:

The District's Service Plan (approved August 5, 2013) is on file at the City Clerk's office.

xii. **Coordinating District office contact information**:

South Sloan's Lake Metropolitan District No. 2
c/o Public Alliance LLC
7555 East Hampden Avenue, Suite 501

Denver, Colorado 80231
720-213-6621 – phone
Ann Finn, District Manager
ann@publicalliancellc.com

xiii. **Any change in proposed development assumptions that impacts the financial projections**:

To our knowledge, there are no changes in the proposed development assumptions that impact the financial projections of the District.

Additional Information required pursuant to Section 32-1-207(3)(c), C.R.S.

i. **Boundary changes made**:

No boundary changes were made or proposed during 2025.

ii. **Status of litigation involving the District's public improvements**:

To our knowledge, there is no litigation involving the District's public improvements.

iii. **Conveyances or dedications of facilities or improvements, constructed by the District, to the City**:

The District did not convey or dedicate any facilities or improvements to the City in 2025.

iv. **Final assessed valuation of the District for the report year**:

The District's final net total taxable assessed valuation for the report year was $1,493,344.

v. **Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument**:

To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.

vi. **Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period**:

To our knowledge, the District has been able to pay its obligations as they come due.

EXHIBIT A

2026 Budget

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2026

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
SUMMARY
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ 738,878	$ 1,107,994	$ 1,313,184
REVENUES			
Property taxes	56,151	57,411	52,090
Specific ownership taxes	131,068	82,000	76,305
Interest Income	72,676	60,025	50,050
Other Revenue	8,023	115	-
TIF Revenue	1,806,466	1,760,000	1,627,129
Total revenues	2,074,384	1,959,551	1,805,574
Total funds available	2,813,262	3,067,545	3,118,758
EXPENDITURES			
General Fund	505,961	549,561	734,000
Debt Service Fund	1,199,307	1,204,800	1,224,839
Total expenditures	1,705,268	1,754,361	1,958,839
Total expenditures and transfers out requiring appropriation	1,705,268	1,754,361	1,958,839
ENDING FUND BALANCES	$ 1,107,994	$ 1,313,184	$ 1,159,919
EMERGENCY RESERVE	$ 22,100	$ 21,500	$ 20,100
CAPITAL RESERVE	220,000	255,000	285,000
AVAILABLE FOR OPERATIONS	133,435	263,483	169,643
TOTAL RESERVE	$ 375,535	$ 539,983	$ 474,743

See summary of significant assumptions.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
ASSESSED VALUATION			
Residential	$ 38,653,450	$ 37,370,430	$ 32,460,120
Commercial	9,068,460	9,767,180	10,158,920
State assessed	948,980	294,700	293,520
Personal property	1,315,400	1,168,450	1,194,580
	49,986,290	48,600,760	44,107,140
Adjustments	(48,510,931)	(47,107,416)	(42,752,167)
Certified Assessed Value	$ 1,475,359	$ 1,493,344	$ 1,354,973
MILL LEVY			
General	14.000	14.644	14.644
Debt Service	24.444	23.800	23.800
Total mill levy	38.444	38.444	38.444
PROPERTY TAXES			
General	$ 20,655	$ 21,869	$ 19,842
Debt Service	36,064	35,542	32,248
Levied property taxes	56,719	57,411	52,090
Adjustments to actual/rounding	(568)	-	-
Budgeted property taxes	$ 56,151	$ 57,411	$ 52,090
BUDGETED PROPERTY TAXES			
General	**$ 20,448**	**$ 21,869**	**$ 19,842**
Debt Service	**35,703**	**35,542**	**32,248**
	$ 56,151	**$ 57,411**	**$ 52,090**

See summary of significant assumptions.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ 147,427	$ 375,535	$ 539,983
REVENUES			
Property Taxes	20,448	21,869	19,842
Specific Ownership Taxes	47,730	32,000	29,066
TIF Revenue	657,854	660,000	619,802
Interest Income	14	25	50
Other Revenue	8,023	115	-
Total revenues	734,069	714,009	668,760
Total funds available	881,496	1,089,544	1,208,743
EXPENDITURES			
General and administrative			
Accounting	40,104	42,000	42,000
Auditing	5,500	7,000	7,200
County Treasurer's Fee	205	2,300	198
District Management	103,036	82,000	85,000
Dues And Membership	711	703	850
Election	158	493	250
Insurance	7,402	8,922	10,000
Legal	27,201	24,000	25,000
Miscellaneous	1,072	2,012	1,200
Contingency	-	-	7,702
Operations and maintenance			
CDS Vault Maintenance	19,433	22,160	22,000
Denver Special District Fee	6,000	3,000	3,000
Electricity	1,482	757	1,600
Engineering	2,048	2,000	8,000
Holiday Lighting	-	5,000	11,000
Irrigation	11,978	5,214	12,000
Irrigation Repairs	-	2,500	13,000
Landscaping	95,937	70,000	83,000
Landscape Improvements	-	150,000	210,000
Pet Station Services	-	42,000	42,000
Repairs And Maintenance	1,150	7,500	45,000
Security	774	24,000	24,000
Snow Removal	15,615	16,000	20,000
Streetscape/Plaza/PDL Maintenance	166,155	30,000	60,000
Total expenditures	505,961	549,561	734,000
Total expenditures and transfers out requiring appropriation	505,961	549,561	734,000
ENDING FUND BALANCES	$ 375,535	$ 539,983	$ 474,743
EMERGENCY RESERVE	$ 22,100	$ 21,500	$ 20,100
CAPITAL RESERVE	220,000	255,000	285,000
AVAILABLE FOR OPERATIONS	133,435	263,483	169,643
TOTAL RESERVE	$ 375,535	$ 539,983	$ 474,743

See summary of significant assumptions.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ 591,451	$ 732,459	$ 773,201
REVENUES			
Property Taxes	35,703	35,542	32,248
Specific Ownership Taxes	83,338	50,000	47,239
TIF Revenue	1,148,612	1,100,000	1,007,327
Interest Income	72,662	60,000	50,000
Total revenues	1,340,315	1,245,542	1,136,814
Total funds available	1,931,766	1,978,001	1,910,015
EXPENDITURES			
General and administrative			
County Treasurer's Fee	357	3,600	322
Paying Agent Fees	3,000	3,000	3,000
Contingency	-	-	2,067
Debt Service			
Bond Interest	840,950	823,200	804,450
Bond Principal	355,000	375,000	415,000
Total expenditures	1,199,307	1,204,800	1,224,839
Total expenditures and transfers out requiring appropriation	1,199,307	1,204,800	1,224,839
ENDING FUND BALANCES	$ 732,459	$ 773,201	$ 685,176

See summary of significant assumptions.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
2026 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City and County of Denver, Colorado on January 16, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City and County of Denver on August 5, 2013. The District's service area is located entirely within the City and County of Denver, Colorado.

On November 5, 2013, the District's voters authorized total indebtedness of $50,000,000 for each of the following listed facilities; street improvements, water, storm or sanitary sewer, parks and recreation, traffic and safety control, mosquito control, public transportation, and operations and maintenance. Voters also authorized indebtedness of $50,000,000 for refunding of debt and $50,000,000 for intergovernmental contracts. Pursuant to the Service Plan, each District shall not issue debt in an aggregate amount in excess of $50,000,000. Additionally, the maximum debt mill levy is 50.000 mills as adjusted. The election also approved an annual increase in ad valorem property taxes of $50,000,000 and an increase in fees of $50,000,000 to pay the District's operation and maintenance costs. The electors further authorized an increase in fees of $50,000,000 to pay expenses pursuant to intergovernmental agreements.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

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.

Revenues (Continued)

Property Taxes (Continued)

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

Category	Rate		Category	Rate
Single-Family Residential	6.25%		Agricultural Land	27.00%
Multi-Family Residential	6.25%		Renewable Energy Land	27.00%
Commercial	27.00%		Vacant Land	27.00%
Industrial	27.00%		Personal Property	27.00%
Lodging	27.00%		State Assessed	27.00%
			Oil & Gas Production	87.50%

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 4.50% of the property taxes collected by the District and by DURA.

TIF Revenue from DURA

Pursuant to a cooperation agreement with Denver Urban Renewal Authority ("DURA"), DURA remits the portion of revenues which it receives as a result of Tax Increment Revenues attributable to the District's current mill levy to the District.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 1.00% of property tax collections.

Debt Service

Principal and interest payments in 2026 are provided based on the attached debt amortization schedule of the 2019 Loan.

Debt and Leases

The District issued the Bonds on December 10, 2019, in the amount of $22,815,000. Proceeds from the sale of the Bonds were used for the purposes of (a) refunding in full the District's 2016 Loan, (b) paying a portion of the costs of capital infrastructure improvements, (c) funding capitalized interest, (d) funding the Reserve Fund, and (e) paying the costs of issuing the Bonds.

The Bonds bear interest at rates ranging from 3.00% to 5.00% and are payable semiannually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Bonds mature on December 1, 2049.

The Bonds are subject to redemption prior to maturity at the option of the District on any date, on and after December 1, 2029, in whole or in part, upon payment of a redemption price equal to the principal amount of Bonds to be redeemed, plus interest accrued to the redemption date.

To the extent principal of any bond is not paid when due, such principal shall remain outstanding and continue to bear interest until paid. To the extent interest on any bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Bond. The District shall not be obligated to pay more than the amount permitted by law and the District's electoral authorization in repayment of the Bonds.

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, consisting of (a) Property Tax Revenue, (b) Specific Ownership Tax Revenue, and (c) any other legally available moneys that the District determines, in its absolute discretion, to credit to the Revenue Fund.

The District has covenanted to levy the Required Mill Levy upon all property subject to taxation by the District in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, but not in excess of 50.000 mills as adjusted for changes in the method of calculating assessed valuation after January 1, 2013. An increase or decrease to the Required Mill Levy is to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the applicable mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. The District certified 23.800 mills as the Required Mill Levy for 2025 (collection year 2026).

The Bonds are further secured by the Reserve Fund in the amount of the Reserve Requirement of $1,517,000. The Reserve Fund is funded with a surety policy issued by Assured Guaranty Municipal Corp., a New York stock insurance company ("AGM").

AGM also issued its Municipal Bond Insurance Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds.

The District also receives incremental property taxes from DURA which are pledged to the payment of the Bonds.

The District has no operating or capital leases.

Reserves

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% of fiscal year spending.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

Bonds and Interest Maturing in the Year Ending December 31,	Limited Tax General Obligation Bonds Initial Funded Amount $22,815,000 Interest Rate of 3.00 - 5.00% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2026	$ 415,000	$ 804,450	$ 1,219,450
2027	435,000	783,700	1,218,700
2028	485,000	761,950	1,246,950
2029	505,000	737,700	1,242,700
2030	555,000	712,450	1,267,450
2031	580,000	690,250	1,270,250
2032	630,000	667,050	1,297,050
2033	655,000	641,850	1,296,850
2034	705,000	615,650	1,320,650
2035	735,000	587,450	1,322,450
2036	790,000	558,050	1,348,050
2037	820,000	526,450	1,346,450
2038	880,000	493,650	1,373,650
2039	915,000	458,450	1,373,450
2040	980,000	421,850	1,401,850
2041	1,020,000	382,650	1,402,650
2042	1,085,000	341,850	1,426,850
2043	1,130,000	298,450	1,428,450
2044	1,205,000	253,250	1,458,250
2045	1,255,000	205,050	1,460,050
2046	1,320,000	167,400	1,487,400
2047	1,360,000	127,800	1,487,800
2048	1,430,000	87,000	1,517,000
2049	1,470,000	44,100	1,514,100
	$ 21,360,000	$ 11,368,500	$ 32,728,500

See summary of significant assumptions.

I, Ann Finn, hereby certify that I am the duly appointed Secretary of the South Sloan's Lake Metropolitan District No. 2, and that the foregoing is a true and correct copy of the budget for the budget year 2026, duly adopted at a meeting of the Board of Directors of the South Sloan's Lake Metropolitan District No. 2 held on November 21, 2025.

Signed by:

By: Ann Finn

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Secretary

EXHIBIT B

2025 Audit

SOUTH SLOAN'S LAKE
METROPOLITAN DISTRICT NO. 2
Denver County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
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YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
8390 E. Crescent Parkway, Suite 300,
Greenwood Village, CO 80111

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2'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 SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2, as of December 31, 2025, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2, 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 SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2'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.

Auditors' 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 auditors' 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.

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- 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 SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2'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 SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2'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.

Required Supplementary Information

Management has omitted the 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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2's basic financial statements. The supplementary information, as listed 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 supplementary information, as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Littleton, Colorado
June 14, 2026

BASIC FINANCIAL STATEMENTS

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 534,415
Cash and Investments - Restricted	799,814
Property Tax Receivable	52,090
Receivable from County Treasurer	7,776
TIF Receivable	2,439
Prepaid Insurance	450
Prepaid Expenses	3,000
Capital Assets:	
Capital Assets Net of Depreciation	2,230,361
Total Assets	3,630,345
DEFERRED OUTFLOWS OF RESOURCES	
Bond Insurance Costs	243,874
Total Deferred Outflows of Resources	243,874
LIABILITIES	
Accounts Payable	45,511
Accrued Bond Interest	67,038
Noncurrent Liabilities:	
Due Within One Year	496,294
Due in More Than One Year	22,012,560
Total Liabilities	22,621,403
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	52,090
Total Deferred Inflows of Resources	52,090
NET POSITION	
Net Investment in Capital Assets	(4,494,312)
Restricted for:	
Emergency Reserve	22,300
Debt Service Reserve	716,801
Net Position - Unrestricted	(15,044,063)
Total Net Position (Deficit)	$ (18,799,274)

See accompanying Notes to Basic Financial Statements.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 639,545	$ -	$ 673,404	$ -	$ 33,859
Interest on Long-Term Debt and Related Costs	828,249	-	1,094,442	-	266,193
Total Governmental Activities	$ 1,467,794	$ -	$ 1,767,846	$ -	300,052
GENERAL REVENUES					
Property Taxes					64,355
Specific Ownership Taxes					88,762
Interest Income					69,970
Other Revenue					2,450
Total General Revenues					225,537
CHANGE IN NET POSITION					525,589
Net Position - Beginning of Year					(19,324,863)
NET POSITION - END OF YEAR					$ (18,799,274)

See accompanying Notes to Basic Financial Statements.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	$ 534,415	$ -	$ 534,415
Cash and Investments - Restricted	22,300	777,514	799,814
Property Tax Receivable	19,842	32,248	52,090
Receivable from County Treasurer	2,962	4,814	7,776
TIF Receivable	929	1,510	2,439
Prepaid Insurance	450	-	450
Prepaid Expenses	-	3,000	3,000
Total Assets	$ 580,898	$ 819,086	$ 1,399,984
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 45,511	$ -	$ 45,511
Total Liabilities	45,511	-	45,511
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	19,842	32,248	52,090
Total Deferred Inflows of Resources	19,842	32,248	52,090
FUND BALANCES			
Nonspendable:			
Prepaid Expense	450	3,000	3,450
Restricted for:			
Emergency Reserves	22,300	-	22,300
Debt Service	-	783,838	783,838
Assigned to:			
Subsequent Year's Expenditures	65,240	-	65,240
Unassigned	427,555	-	427,555
Total Fund Balances	515,545	786,838	1,302,383
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 580,898	$ 819,086	
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.			2,230,361
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Unamortized Bond Premium			(1,148,854)
Bond Insurance Costs			243,874
Bonds Payable			(21,360,000)
Accrued Bond Interest			(67,038)
Net Position of Governmental Activities			$ (18,799,274)

See accompanying Notes to Basic Financial Statements.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	$ 24,514	$ 39,841	$ 64,355
Specific Ownership Taxes	33,811	54,951	88,762
TIF Revenue	673,404	1,094,442	1,767,846
Other Revenue	2,450	-	2,450
Interest Income	13	69,956	69,969
Total Revenues	734,192	1,259,190	1,993,382
EXPENDITURES			
Current:			
Accounting	42,000	-	42,000
Auditing	7,000	-	7,000
County Treasurer's Fee	2,222	3,611	5,833
CDS Vault Maintenance	31,417	-	31,417
Denver Special District Fee	3,000	-	3,000
District Management	99,816	-	99,816
Dues and Membership	703	-	703
Election	493	-	493
Electricity	1,401	-	1,401
Engineering	3,005	-	3,005
Holiday Lighting	3,772	-	3,772
Insurance	8,922	-	8,922
Irrigation	8,676	-	8,676
Irrigation Repairs	10,858	-	10,858
Landscaping	93,996	-	93,996
Landscape Improvements	117,154	-	117,154
Legal	28,221	-	28,221
Miscellaneous	3,473	-	3,473
Repairs and Maintenance	8,558	-	8,558
Pet Station Services	46,572	-	46,572
Security	24,000	-	24,000
Snow Removal	6,375	-	6,375
Streetscape/Plaza/PDL Maintenance	42,548	-	42,548
Debt Service:			
Bond Interest	-	823,200	823,200
Bond Principal	-	375,000	375,000
Paying Agent Fees	-	3,000	3,000
Total Expenditures	594,182	1,204,811	1,798,993
NET CHANGE IN FUND BALANCES	140,010	54,379	194,389
Fund Balances - Beginning of Year	375,535	732,459	1,107,994
FUND BALANCES - END OF YEAR	$ 515,545	$ 786,838	$ 1,302,383

See accompanying Notes to Basic Financial Statements.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 194,389
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 asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.	
Depreciation Expense	(169,882)
Landscape Improvements	58,990
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.	
Bond Principal	375,000
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 Interest Payable - Change in Liability	1,562
Amortization Expense Insurance	(17,659)
Amortization of Bond Premium	83,189
Changes in Net Position of Governmental Activities	$ 525,589

See accompanying Notes to Basic Financial Statements.

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 21,869	$ 24,514	$ 2,645
Specific Ownership Taxes	35,586	33,811	(1,775)
TIF Revenue	682,943	673,404	(9,539)
Interest Income	-	13	13
Other Revenue	600	2,450	1,850
Total Revenues	740,998	734,192	(6,806)
EXPENDITURES			
Accounting	56,300	42,000	14,300
Auditing	5,800	7,000	(1,200)
Contingency	21,272	-	21,272
County Treasurer's Fee	328	2,222	(1,894)
CDS Vault Maintenance	20,000	31,417	(11,417)
Denver Special District Fee	3,000	3,000	-
District Management	85,000	99,816	(14,816)
Dues and Membership	700	703	(3)
Election	5,000	493	4,507
Electricity	1,500	1,401	99
Engineering	10,000	3,005	6,995
Holiday Lighting	10,000	3,772	6,228
Insurance	7,800	8,922	(1,122)
Irrigation	12,000	8,676	3,324
Irrigation Repairs	15,000	10,858	4,142
Landscaping	60,000	93,996	(33,996)
Landscape Improvements	100,000	117,154	(17,154)
Legal	35,800	28,221	7,579
Miscellaneous	1,500	3,473	(1,973)
Repairs and Maintenance	25,000	8,558	16,442
Security	24,000	24,000	-
Pet Station Services	40,000	46,572	(6,572)
Snow Removal	35,000	6,375	28,625
Streetscape/Plaza/PDL Maintenance	25,000	42,548	(17,548)
Total Expenditures	600,000	594,182	5,818
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	140,998	140,010	(988)
NET CHANGE IN FUND BALANCE	140,998	140,010	(988)
Fund Balance - Beginning of Year	361,172	375,535	14,363
FUND BALANCE - END OF YEAR	$ 502,170	$ 515,545	$ 13,375

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

South Sloan's Lake Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for the City and County of Denver recorded on January 16, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City and County of Denver on August 5, 2013. The District's service area is located entirely within the City and County of Denver, Colorado.

The District was established to provide financing for the acquisition, construction, completion, and operation and maintenance of public improvements, including all streets, traffic and safety, water, sanitation, storm drainage, transportation, mosquito control, and park and recreation facilities.

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

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

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 the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall 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 by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

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

Capital Assets

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Infrastructure	30 Years
Parks and Recreation	20 Years
Streetscape Equipment	10 to 15 Years
Land Improvements	15 Years

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, sale 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 inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Amortization

Original Issue Discount/Premium

In the government-wide financial statements, bond premiums, discounts, and bond insurance costs are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond insurance costs, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances and bond insurance costs are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows/Outflows of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax,* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable 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 legally or contractually required to be maintained intact.

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

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of 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 criteria described above.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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	$	534,415
Cash and Investments - Restricted		799,814
Total Cash and Investments	$	1,334,229

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

Deposits with Financial Institutions	$	68,271
Investments		1,265,958
Total Cash and Investments	$	1,334,229

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102.00% of the aggregate uninsured deposits.

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

At December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of $68,271.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk 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 and certain reverse repurchase agreements collateralized by certain authorized securities
. Certain money market funds
. Guaranteed investment contracts
* Local government investment pools

Fair Value Measurement and Application

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, and 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), CSAFE (which are recorded at amortized cost), and COLOTRUST (which are recorded at net asset value).

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement and Application (Continued)

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (CSAFE)	Weighted-Average Under 60 Days	$ 1,265,958

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $2.00 transactional share price. CSAFE CORE 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 CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

U.S. Treasury Money Market Fund

The debt service money that is included in the trust accounts at United Missouri Bank (successor of American National Bank) is invested in the SEI Daily Income Treasury Portfolio. This portfolio is a money market fund that is managed by SEI Investments and each share is equal in value to $1.00. The fund is AAA rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less.

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	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Being Depreciated:				
Infrastructure	$ 441,825	$ -	$ -	$ 441,825
Parks and Recreation	1,995,879	-	-	1,995,879
Land Improvements	46,884	-	-	46,884
Streetscape Equipment	701,999	58,990	-	760,989
Total Capital Assets, Being Depreciated	3,186,587	58,990	-	3,245,577
Less Accumulated Depreciation for:				
Accumulated Depreciation - Infrastructure	66,276	14,728	-	81,004
Accumulated Depreciation - Parks and Recreation	540,612	99,794	-	640,406
Accumulated Depreciation - Land Improvements	1,562	3,125	-	4,687
Accumulated Depreciation - Streetscape Equipment	236,884	52,235	-	289,119
Total Accumulated Depreciation	845,334	169,882	-	1,015,216
Total Capital Assets, Being Depreciated, Net	2,341,253	(110,892)	-	2,230,361
Governmental Activities Capital Assets, Net	$ 2,341,253	$ (110,892)	$ -	$ 2,230,361

During 2016, a significant portion of the capital assets constructed and acquired by the South Sloan's Metropolitan District No. 1 were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from South Sloan's Lake Metropolitan District No. 1 financial records. There is a three year warranty period on the capital assets conveyed to the City and County of Denver. The District anticipates that the costs, if any, associated with the warranty will be insignificant.

Depreciation expense was charged to the general government function/program of the District.

In 2021, South Sloan's Lake Metropolitan District No. 1 was dissolved. Certain of the capital assets which were not conveyed to other governmental entities were therefore transferred to the District.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
General Obligation Bonds Payable:					
Series 2019	$ 21,735,000	$ -	$ 375,000	$ 21,360,000	$ 415,000
Subtotal Bonds Payable	21,735,000	-	375,000	21,360,000	415,000
Unamortized Bond Premium	1,232,043	-	83,189	1,148,854	81,294
Total Long-Term Obligations	$ 22,967,043	$ -	$ 458,189	$ 22,508,854	$ 496,294

The details of the District's long-term obligations are as follows:

Limited Tax General Obligation Refunding and Improvement Bonds, Series 2019 (the Bonds)

The District issued the Bonds on December 10, 2019, in the amount of $22,815,000. Proceeds from the sale of the Bonds were used for the purposes of (a) refunding in full the District's 2016 Loan, (b) paying a portion of the costs of capital infrastructure improvements, (c) funding capitalized interest, (d) funding the Reserve Fund, and (e) paying the costs of issuing the Bonds.

The Bonds bear interest at rates ranging from 3.00% to 5.00% and are payable semiannually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Bonds mature on December 1, 2049.

The Bonds are subject to redemption prior to maturity at the option of the District on any date, on and after December 1, 2029, in whole or in part, upon payment of a redemption price equal to the principal amount of Bonds to be redeemed, plus interest accrued to the redemption date.

To the extent principal of any bond is not paid when due, such principal shall remain outstanding and continue to bear interest until paid. To the extent interest on any bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Bond. The District shall not be obligated to pay more than the amount permitted by law and the District's electoral authorization in repayment of the Bonds.

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, consisting of (a) Property Tax Revenue, (b) Specific Ownership Tax Revenue, and (c) any other legally available moneys that the District determines, in its absolute discretion, to credit to the Revenue Fund.

The Series 2019 Bond does not have any unused lines of credit. No assets have been pledged as collateral. The Series 2019 Bond is not subject to early termination and is not subject to acceleration.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

The District has covenanted to levy the Required Mill Levy upon all property subject to taxation by the District in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, but not in excess of 50.000 mills as adjusted for changes in the method of calculating assessed valuation after January 1, 2013. An increase or decrease to the Required Mill Levy is to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the applicable mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. The District certified 38.444 mills as the Required Mill Levy for 2025 (collection year 2026).

The Bonds are further secured by the Reserve Fund in the amount of the Reserve Requirement of $1,517,000. The Reserve Fund is funded with a surety policy issued by Assured Guaranty Municipal Corp., a New York stock insurance company (AGM). AGM also issued its Municipal Bond Insurance Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds.

The District also receives incremental property taxes from DURA which are pledged to the payment of the Bonds.

The District's long-term obligations will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 415,000	$ 804,450	$ 1,219,450
2027	435,000	783,700	1,218,700
2028	485,000	761,950	1,246,950
2029	505,000	737,700	1,242,700
2030	555,000	712,450	1,267,450
2031-2035	3,305,000	3,202,250	6,507,250
2036-2040	4,385,000	2,458,450	6,843,450
2041-2045	5,695,000	1,481,250	7,176,250
2046-2049	5,580,000	426,300	6,006,300
Total	$ 21,360,000	$ 11,368,500	$ 32,728,500

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 5, 2013, a majority of the qualified electors of the District authorized the issuance of indebtedness of $50,000,000 for each of the following facilities: streets, water, parks and recreation, traffic and safety, mosquito control and public transportation, $50,000,000 for operations and maintenance, $50,000,000 for refunding of debt and $50,000,000 for intergovernmental contracts, at an interest rate not to exceed 18.00% per annum.

Notwithstanding the voted debt authorization, pursuant to the Service Plan dated April 5, 2013, the limit on the District's ability to issue debt is set forth in its Service Plan as $50,000,000 (the Service Plan Debt Issuance Limit). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit.

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election or elections, the actual costs of construction were not known. Without knowing the costs of the construction it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power. At December 31, 2025, the District had authorized but unissued indebtedness of $477,185,000.

In addition, the maximum debt service mill levy for the District is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 NET POSITION

The District has net position consisting of two components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had the following net investment in capital assets, calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	$ (387,696)
Long-Term Obligations	(4,106,616)
Net Investment in Capital Assets	$ (4,494,312)

Restricted net position includes assets that are 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 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	$ 22,300
Debt Service Reserve	716,801
Total Restricted Net Position	$ 739,101

The District has a deficit in unrestricted net position. The deficit is a result of the District being responsible for the repayment of bonds issued for public improvements constructed.

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District is EFG-South Sloan's Lake I, LLC (the Developer). One of the members of the Board of Directors is an employee, owner, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District. Each member of the Board of Directors is an employee, owner or otherwise associated with a vertical builder and owner of housing in the District and may have conflicts of interest in dealing with the District. One member of the board of Directors of the District is a resident.

NOTE 8 DISTRICT AGREEMENT

Cooperation Agreement

The District is located within the boundaries of an urban redevelopment area designated in an urban renewal plan adopted by the City and County of Denver and known as the "St. Anthony's Urban Redevelopment Plan" (the Urban Renewal Plan). In accordance with Section 31-25-101, et. seq., Colorado Revised Statutes, as amended (the Urban Renewal Act) and the Urban Renewal Plan, Denver Urban Renewal Authority (DURA) is authorized to undertake certain projects within the area designated in the Urban Renewal Plan and to finance such projects by utilizing certain incremental increases in the property taxes, including property taxes imposed by the District.

The District and DURA entered into a Cooperation Agreement, pursuant to which DURA agreed to segregate incremental property taxes and specific ownership taxes attributable to the District's mill levies from the aggregate incremental property taxes DURA receives in connection with the Urban Renewal Plan and remit those incremental property taxes and specific ownership taxes to the District.

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

The District pays annual premiums to the Pool for liability, property, public officials, crime, and workers' compensation liability 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 LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 5, 2013, the District's voters passed an election question to increase property taxes $50,000,000 annually and an increase in fees $50,000,000 annually to pay the District's operation and maintenance costs. The electors further authorized an increase in fees of $50,000,000 to pay expenses pursuant to intergovernmental agreements. Additionally, a majority of the District's electors authorized the District to collect, retain, and spend all revenue annually without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% 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.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado. Annual operating revenue is limited to a 5.25% increase, such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues. The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

SUPPLEMENTARY INFORMATION

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 35,542	$ 39,841	$ 4,299
Specific Ownership Taxes	57,835	54,951	(2,884)
TIF Revenue	1,109,945	1,094,442	(15,503)
Interest Income	33,000	69,956	36,956
Total Revenues	1,236,322	1,259,190	22,868
EXPENDITURES			
County Treasurer's Fee	533	3,611	(3,078)
Paying Agent Fees	3,000	3,000	-
Bond Interest	823,200	823,200	-
Bond Principal	375,000	375,000	-
Contingency	4,267	-	4,267
Total Expenditures	1,206,000	1,204,811	1,189
NET CHANGE IN FUND BALANCE	30,322	54,379	24,057
Fund Balance - Beginning of Year	746,396	732,459	(13,937)
FUND BALANCE - END OF YEAR	$ 776,718	$ 786,838	$ 10,120

OTHER INFORMATION

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

Bonds and Interest Maturing in the Year Ending December 31,	Limited Tax General Obligation Refunding and Improvement Bonds, Series 2019 $22,815,000 Interest Rate of 3.00 - 5.00% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2026	$ 415,000	$ 804,450	$ 1,219,450
2027	435,000	783,700	1,218,700
2028	485,000	761,950	1,246,950
2029	505,000	737,700	1,242,700
2030	555,000	712,450	1,267,450
2031	580,000	690,250	1,270,250
2032	630,000	667,050	1,297,050
2033	655,000	641,850	1,296,850
2034	705,000	615,650	1,320,650
2035	735,000	587,450	1,322,450
2036	790,000	558,050	1,348,050
2037	820,000	526,450	1,346,450
2038	880,000	493,650	1,373,650
2039	915,000	458,450	1,373,450
2040	980,000	421,850	1,401,850
2041	1,020,000	382,650	1,402,650
2042	1,085,000	341,850	1,426,850
2043	1,130,000	298,450	1,428,450
2044	1,205,000	253,250	1,458,250
2045	1,255,000	205,050	1,460,050
2046	1,320,000	167,400	1,487,400
2047	1,360,000	127,800	1,487,800
2048	1,430,000	87,000	1,517,000
2049	1,470,000	44,100	1,514,100
Total	$ 21,360,000	$ 11,368,500	$ 32,728,500

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy Gross	Prior Year Assessed Valuation for Current Year Property Tax Levy Net	Mills Levied	Property Taxes Levied	Property Taxes Collected	Percent Collected to Levied
2021	$ 35,115,030	$ 1,052,011	37.039	$ 38,965	$ 38,935	99.92 %
2022	$ 45,453,290	$ 1,339,175	37.054	$ 49,622	$ 50,108	100.98 %
2023	$ 44,820,260	$ 1,339,033	37.672	$ 50,444	$ 50,977	101.06 %
2024	$ 49,986,290	$ 1,475,359	38.444	$ 56,719	$ 56,151	99.00 %
2025	$ 48,600,760	$ 1,493,344	38.444	$ 57,411	$ 64,355	112.10 %
Estimated for Year Ending December 31, 2026	$ 44,107,140	$ 1,354,973	38.444	$ 52,090		

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

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
TEN LARGEST TAXPAYERS IN THE DISTRICT
DECEMBER 31, 2025

Taxpayer Name	Assessed Valuation	Percent of Assessed Valuation
CL Sloan's Lake LP	$ 10,168,020	23.05 %
Semref Sloan;s Lake LLC	7,127,620	16.16
Sloan's Lake-FCA LLC	3,661,290	8.30
AEI CPP Sloans LLC	2,917,530	6.61
Sloans Block Retail LLC	1,143,940	2.59
Nava Lakehouse Limited Partners	433,970	0.98
HM Residences at Sloans Lake LLC	417,180	0.95
Raleigh at Sloan's Lake	320,810	0.73
Public Service CO of Colorado	250,270	0.57
Alamo Sloans Buyer LLC	244,180	0.55
All Other Assessed	17,422,330	39.51
Total	$ 44,107,140	100.00 %

SOUTH SLOAN'S LAKE METROPOLITAN DISTRICT NO. 2
HISTORICAL PROPERTY TAX COLLECTIONS OF THE DISTRICT
DECEMBER 31, 2025

Levy/Collection Year	Taxes Levied	Tax Collections	Percent Collected
2020/2021	$ 1,300,626	$ 1,290,242	99.20 %
2021/2022	$ 1,684,226	$ 1,657,858	98.43 %
2022/2023	$ 1,663,898	$ 1,690,632	101.61 %
2023/2024	$ 1,903,024	$ 1,862,617	97.88 %
2024/2025	$ 1,850,299	$ 1,832,201	99.02 %