

HERITAGE RIDGE METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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Independent Auditors' Report

Board of Directors
Heritage Ridge Metropolitan District
Larimer County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Heritage Ridge Metropolitan District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the general fund and special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary 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 financial statements or to the 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Tatton and Company, LLC

Aurora, CO
September 24, 2026

HERITAGE RIDGE METROPOLITAN DISTRICT

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

	General	Debt Service	Pool Special Revenue Fund	Landscaping Special Revenue Fund	Total	Adjustments	Statement of Net Position
ASSETS							
Cash and investment	\$ 32,872	\$ -	\$ -	\$ -	\$ 32,872	\$ -	\$ 32,872
Cash and investment - Restricted	7,279	16,963	66,910	9,082	100,234	-	100,234
Receivable - County Treasurer	1,269	5,491	-	-	6,760	-	6,760
Assessments & fees receivable	2,385	-	23,133	16,661	42,179	-	42,179
Property taxes receivable	247,177	1,042,756	-	-	1,289,933	-	1,289,933
Deposits	-	-	5,000	-	5,000	-	5,000
Prepaid expenses	12,124	-	-	-	12,124	-	12,124
Capital assets not being depreciated	-	-	-	-	-	1,379,055	1,379,055
Capital assets, net of accumulated depreciation	-	-	-	-	-	3,824,448	3,824,448
Total Assets	<u>303,106</u>	<u>1,065,210</u>	<u>95,043</u>	<u>25,743</u>	<u>1,489,102</u>	<u>5,203,503</u>	<u>6,692,605</u>
DEFERRED OUTFLOWS OF RESOURCES							
Prepaid debt insurance, net	-	-	-	-	-	430,675	430,675
Total Deferred Outflows of Resources	-	-	-	-	-	430,675	430,675
Total Assets and Deferred Outflows of Resources	<u>\$ 303,106</u>	<u>\$ 1,065,210</u>	<u>\$ 95,043</u>	<u>\$ 25,743</u>	<u>\$ 1,489,102</u>		
LIABILITIES							
Accounts payable	\$ 3,828	\$ 7,000	\$ 2,188	\$ 2,755	\$ 15,771	-	15,771
Accrued interest payable	-	-	-	-	-	49,866	49,866
Long-term liabilities:							
Due within one year	-	-	-	-	-	175,000	175,000
Due in more than one year	-	-	-	-	-	16,175,126	16,175,126
Total Liabilities	<u>3,828</u>	<u>7,000</u>	<u>2,188</u>	<u>2,755</u>	<u>15,771</u>	<u>16,399,992</u>	<u>16,415,763</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - prepaid assessments	7,568	-	1,986	1,704	11,258	-	11,258
Deferred gain on refunding	-	-	-	-	-	1,403,841	1,403,841
Deferred property taxes	<u>247,177</u>	<u>1,042,756</u>	<u>-</u>	<u>-</u>	<u>1,289,933</u>	<u>-</u>	<u>1,289,933</u>
Total Deferred Inflows of Resources	<u>254,745</u>	<u>1,042,756</u>	<u>1,986</u>	<u>1,704</u>	<u>1,301,191</u>	<u>1,403,841</u>	<u>2,705,032</u>
FUND BALANCES/NET POSITION							
Fund Balances:							
Nonspendable:							
Prepays	12,124	-	-	-	12,124	(12,124)	-
Restricted:							
Emergencies	7,279	-	-	-	7,279	(7,279)	-
Debt service	-	15,454	-	-	15,454	(15,454)	-
Pool Special Revenue Fund	-	-	90,869	-	90,869	(90,869)	-
Landscaping Special Revenue Fund	-	-	-	21,284	21,284	(21,284)	-
Unassigned	<u>25,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,130</u>	<u>(25,130)</u>	<u>-</u>
Total Fund Balances	<u>44,533</u>	<u>15,454</u>	<u>90,869</u>	<u>21,284</u>	<u>172,140</u>	<u>(172,140)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 303,106</u>	<u>\$ 1,065,210</u>	<u>\$ 95,043</u>	<u>\$ 25,743</u>	<u>\$ 1,489,102</u>		
Net Position:							
Restricted for:							
Emergencies						7,279	7,279
Debt service						(34,412)	(34,412)
Capital projects						-	-
Unrestricted						<u>(11,970,382)</u>	<u>(11,970,382)</u>
Total Net Position						<u>\$ (11,997,515)</u>	<u>\$ (11,997,515)</u>

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

HERITAGE RIDGE METROPOLITAN DISTRICT

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

	<u>General</u>	<u>Debt Service</u>	<u>Pool Special Revenue Fund</u>	<u>Landscaping Special Revenue Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES							
Current:							
Audit	\$ 7,942	\$ -	\$ -	\$ -	\$ 7,942	\$ -	\$ 7,942
Bad debt expense	1,275	-	1,026	27	2,328	-	2,328
Design review fees	1,300	-	-	-	1,300	-	1,300
Insurance	2,828	-	9,012	-	11,840	-	11,840
Landscaping and maintenance	-	-	6,735	170,803	177,538	-	177,538
Legal	17,010	-	-	-	17,010	-	17,010
Management and accounting	17,100	-	20,400	26,520	64,020	-	64,020
Miscellaneous expenses	1,991	-	-	-	1,991	-	1,991
Office and administration	4,642	-	-	-	4,642	-	4,642
Pool maintenance and supplies	-	-	47,363	-	47,363	-	47,363
Snow and removal	-	-	-	1,080	1,080	-	1,080
Trash	-	-	331	-	331	-	331
Utilities	-	-	13,568	39,602	53,170	-	53,170
Website	792	-	-	-	792	-	792
Treasurer's fees	5,997	20,334	-	-	26,331	-	26,331
Debt Service:							
Bond principal	-	189,000	-	-	189,000	(189,000)	-
Bond interest expense	-	939,040	-	-	939,040	(253,746)	685,294
Paying agent fees	-	7,000	-	-	7,000	-	7,000
Depreciation	-	-	-	-	-	193,442	193,442
Total Expenditures	<u>60,877</u>	<u>1,155,374</u>	<u>98,435</u>	<u>238,032</u>	<u>1,552,718</u>	<u>(249,304)</u>	<u>1,303,414</u>
GENERAL REVENUES							
Property taxes	247,126	1,068,949	-	-	1,316,075	-	1,316,075
Specific ownership taxes	15,456	66,854	-	-	82,310	-	82,310
Fee and fines	4,220	-	6,425	-	10,645	-	10,645
Homeowner pool fees	-	-	91,497	-	91,497	-	91,497
Landscaping fees	-	-	-	108,559	108,559	-	108,559
Interest income	<u>636</u>	<u>19,646</u>	<u>2,891</u>	<u>757</u>	<u>23,930</u>	<u>-</u>	<u>23,930</u>
Total General Revenues	<u>267,438</u>	<u>1,155,449</u>	<u>100,813</u>	<u>109,316</u>	<u>1,633,016</u>	<u>-</u>	<u>1,633,016</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	206,561	75	2,378	(128,716)	80,298	249,304	329,602
OTHER FINANCING SOURCES (USES)							
Transfers in (out)	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	56,561	75	2,378	21,284	80,298	(80,298)	
CHANGE IN NET POSITION						329,602	329,602
FUND BALANCES/NET POSITION:							
BEGINNING OF YEAR	(12,028)	15,379	88,491	-	91,842	(12,418,959)	(12,327,117)
END OF YEAR	<u>\$ 44,533</u>	<u>\$ 15,454</u>	<u>\$ 90,869</u>	<u>\$ 21,284</u>	<u>\$ 172,140</u>	<u>\$ (12,169,655)</u>	<u>\$ (11,997,515)</u>

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

HERITAGE RIDGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2025

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 247,190	\$ 247,126	\$ (64)
Specific ownership taxes	14,831	15,456	625
Fee and fines	-	4,220	4,220
Interest income	-	636	636
Total Revenues	<u>262,021</u>	<u>267,438</u>	<u>5,417</u>
EXPENDITURES			
Audit	9,000	7,942	1,058
Bad debt expense	-	1,275	(1,275)
Design review fees	-	1,300	(1,300)
Election	10,000	-	10,000
Insurance	2,303	2,828	(525)
Landscaping and maintenance	149,468	-	149,468
Legal	15,000	17,010	(2,010)
Management and accounting	53,040	17,100	35,940
Miscellaneous expenses	3,561	1,991	1,570
Office and administration	4,500	4,642	(142)
Utilities	37,200	-	37,200
Website	-	792	(792)
Treasurer's fees	4,944	5,997	(1,053)
Contingency	500	-	500
Total Expenditures	<u>289,516</u>	<u>60,877</u>	<u>228,639</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(27,495)	206,561	234,056
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(150,000)	(150,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
NET CHANGE IN FUND BALANCE	(27,495)	56,561	84,056
FUND BALANCE:			
BEGINNING OF YEAR	(5,635)	(12,028)	(6,393)
END OF YEAR	<u>\$ (33,130)</u>	<u>\$ 44,533</u>	<u>\$ 77,663</u>

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

HERITAGE RIDGE METROPOLITAN DISTRICT

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

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Homeowner pool fees	\$ 98,496	\$ 98,496	\$ 6,425	\$ (92,071)
Fee and fines	-	4,040	91,497	87,457
Interest income	-	2,540	2,891	351
Total Revenues	<u>98,496</u>	<u>105,076</u>	<u>100,813</u>	<u>(4,263)</u>
EXPENDITURES				
Bad debt expense	2,160	2,160	1,026	1,134
Insurance	9,214	9,012	9,012	-
Landscaping and maintenance	-	-	6,735	(6,735)
Management and accounting	20,400	20,400	20,400	-
Office and administration	250	-	-	-
Pool maintenance and supplies	51,000	56,500	47,363	9,137
Trash	400	450	331	119
Utilities	15,060	15,248	13,568	1,680
Total Expenditures	<u>98,484</u>	<u>103,770</u>	<u>98,435</u>	<u>5,335</u>
NET CHANGE IN FUND BALANCE	12	1,306	2,378	1,072
FUND BALANCE:				
BEGINNING OF YEAR	<u>81,498</u>	<u>83,490</u>	<u>88,491</u>	<u>5,001</u>
END OF YEAR	<u>\$ 81,510</u>	<u>\$ 84,796</u>	<u>\$ 90,869</u>	<u>\$ 6,073</u>

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

HERITAGE RIDGE METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LANDSCAPING SPECIAL REVENUE FUND

For the Year Ended December 31, 2025

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Landscaping fees	\$ -	\$ 121,552	\$ 108,559	\$ (12,993)
Interest income	-	250	757	507
Total Revenues	-	121,802	109,316	(12,486)
EXPENDITURES				
Bad debt expense	-	25	27	(2)
Landscaping and maintenance	-	194,468	170,803	23,665
Management and accounting	-	26,520	26,520	-
Snow and removal	-	5,000	1,080	3,920
Utilities	-	42,250	39,602	2,648
Total Expenditures	-	268,263	238,032	30,231
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(146,461)	(128,716)	17,745
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	150,000	150,000	-
Total Other Financing Sources (Uses)	-	150,000	150,000	-
NET CHANGE IN FUND BALANCE	-	3,539	21,284	17,745
FUND BALANCE:				
BEGINNING OF YEAR	-	-	-	-
END OF YEAR	\$ -	\$ 3,539	\$ 21,284	\$ 17,745

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

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Heritage Ridge Metropolitan District (the “District”), located in Larimer County (the “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 by Order and Decree of the District Court for Larimer County in November 2015, as a quasi-municipal corporation and political subdivision of the State of Colorado and is governed under provisions of the State of Colorado Special District Act. The District's primary revenues are property taxes and charges for services. The District is governed by an elected Board of Directors.

The District’s service area, which consists of approximately 146 acres of land, is located in the Town of Berthoud, Colorado. The District was formed to provide for the planning, designing, financing, acquiring, constructing and installing of public improvements as defined in the Service Plan. The District is to convey the completed public improvements, other than parks and recreation, to the Town of Berthoud, Colorado or other governmental entities. Any public improvements not conveyed to the Town of Berthoud, Colorado or other governmental entities may be conveyed to an owners' association.

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 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.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

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

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

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Special Revenue Fund – Pool – The Pool Special Revenue Fund accounts for fees received from customers for the pool and are required to be used only for administration and maintenance of the pool and amenity center.

Special Revenue Fund – Landscaping – The Landscaping Special Revenue Fund accounts for fees received from every residence for which a certificate of occupancy has been issued and are required to be used only for the operation, maintenance, repairs and improvements of the District's landscaping.

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.

On January 19, 2025, the District amended its total appropriations in the Landscaping Special Revenue Fund from \$0 to \$212,186 primarily due to the reallocation of expenses from the General Fund. On November 19, 2025, the District amended its total appropriations in the Debt Service Fund from \$1,133,385 to \$1,155,385 primarily due to the increase in the bond principal that was able to be paid over the amount originally budgeted, in the Pool Special Revenue Fund from \$98,484 to \$103,770 primarily due to the increase in expenses over the amount originally budgeted, and in the Landscaping Special Revenue Fund from \$212,186 to \$268,263 primarily due to the increase in expenses over the amount originally budgeted.

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.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is prepaid debt insurance reported in the government-wide statement of net position. This amount is deferred and amortized over the life of the Series 2021A Senior Bonds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category, deferred property taxes, unavailable revenue – prepaid assessments and deferred gain on refunding. Deferred property taxes and unavailable revenue – prepaid assessments are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred gain on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Original Issue Premium

Original issue premium from the 2021A Senior Bonds is being amortized over the term of the bonds using the interest method. Accumulated amortization of original issue premium amounted to \$238,374 at December 31, 2025.

Gain on Refunding

In the government-wide financial statements, the deferred gain on refunding is being amortized using the interest method over the life of the 2021A Senior Bonds and 2021B Subordinate Bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred inflow of resources. Accumulated amortization of the deferred gain on refunding amounted to \$217,858 at December 31, 2025.

Prepaid Debt Insurance

In the government-wide financial statements, the prepaid debt insurance is being amortized using the straight-line method over the life of the 2021A Senior Bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources. Accumulated amortization of the prepaid debt insurance amounted to \$66,784 at December 31, 2025.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Capital Assets

Capital assets, which include pool and clubhouse, pool equipment, fencing, irrigation and landscape and trails, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Pool and clubhouse	30
Pool equipment	5
Fencing	20
Irrigation	20
Landscape and trails	30

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.

Accounts Receivable

Accounts receivable consist of homeowner pool fees, landscaping fees and other miscellaneous fees and fines as of December 31, 2025. The District considers all accounts receivable collectible as of December 31, 2025.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the 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.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

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.

The nonspendable fund balance in the General Fund in the amount of \$12,124 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$7,279 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 \$13,254 is restricted for the payment of the debt service costs associated with the Series 2021A Senior Bonds and Series 2021B Subordinate Bonds (see Note 4).

The restricted fund balance in the Pool Special Revenue Fund in the amount of \$90,869 is restricted for the payment of the costs associated with administration and maintenance of the pool and amenity center.

The restricted fund balance in the Landscaping Special Revenue Fund in the amount of \$21,284 is restricted for the payment of costs associated with the operation, maintenance, repairs and improvements of the District's landscaping.

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.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

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

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

Net Position

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

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

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

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

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 bond issuance costs that were paid from bond proceeds and 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.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

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 investment	\$ 32,872
Cash and investment – Restricted	<u>100,234</u>
Total	<u>\$ 133,106</u>

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

Deposits with financial institutions	\$ 92,967
Investments – Colotrust	<u>40,139</u>
	<u>\$ 133,106</u>

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

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

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 investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a NAV of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2025, the District had \$40,139 invested in COLOTRUST Plus+, of which \$2,972 was held in trust accounts with UMB Bank.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2025</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2025</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 755,430	\$ -	\$ -	\$ 755,430
Irrigation water shares	620,625	-	-	620,625
Easements	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total capital assets not being depreciated	<u>1,379,055</u>	<u>-</u>	<u>-</u>	<u>1,379,055</u>
<u>Capital assets being depreciated:</u>				
Pool and Clubhouse	1,168,466	-	-	1,168,466
Pool equipment	14,055	-	-	14,055
Fencing	377,270	-	-	377,270
Irrigation	881,255	-	-	881,255
Landscape and trails	<u>2,662,709</u>	<u>-</u>	<u>-</u>	<u>2,662,709</u>
Total capital assets being depreciated	5,103,755	-	-	5,103,755
<u>Accumulated Depreciation:</u>				
Pool and Clubhouse	(220,711)	(38,949)	-	(259,660)
Pool equipment	(5,622)	(2,811)	-	(8,433)
Fencing	(106,896)	(18,864)	-	(125,760)
Irrigation	(249,680)	(44,061)	-	(293,741)
Landscape and trails	<u>(502,956)</u>	<u>(88,757)</u>	<u>-</u>	<u>(591,713)</u>
Total accumulated depreciation	<u>(1,085,865)</u>	<u>(193,442)</u>	<u>-</u>	<u>(1,279,307)</u>
Net capital assets being depreciated	<u>4,017,890</u>	<u>(193,442)</u>	<u>-</u>	<u>3,824,448</u>
Government type assets, net	<u>\$ 5,396,945</u>	<u>\$ (193,442)</u>	<u>\$ -</u>	<u>\$ 5,203,503</u>

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 4: Long Term Debt

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

Senior Limited Tax General Obligation Refunding Bonds, Series 2021A and Subordinate Limited Tax General Obligation Refunding Bonds, Series 2021B

On December 23, 2021, the District issued \$11,265,000 of Senior Limited Tax General Obligation Refunding Bonds, Series 2021A ("2021A Senior Bonds") with a premium of \$1,207,501 and \$4,735,000 of Subordinate Limited Tax General Obligation Bonds, Series 2021B ("2021B Subordinate Bonds"). The 2021A Senior Bonds and the 2021B Subordinate Bonds were issued for the purpose of repaying the full amount of the Limited Tax General Obligation Note Series 2018 and the Limited Tax General Obligation Bonds Series 2019, purchasing a reserve insurance policy, purchasing bond insurance, and paying the costs of issuance.

The 2021A Senior Bonds bear interest at fixed rates ranging between 2.25% and 5.0%, payable semiannually on each June 1 and December 1, commencing on June 1, 2022, and maturing on December 1, 2051. The 2021B Subordinate Bonds bear interest at a rate of 7.25%, payable annually on December 15, commencing on December 15, 2022, to the extent that pledged revenue is available, maturing on December 15, 2051. Unpaid interest on the 2021A Senior Bonds and 2021B Subordinate Bonds shall compound on each interest payment date.

The 2021A Senior Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2022. The 2021A Senior Bonds and the 2021B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2026, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The 2021B Subordinate Bonds are cash flow bonds and are subject to mandatory redemption from subordinate pledged revenue, if any, on deposit in the subordinate bond fund.

The 2021A Senior Bonds are secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy less any O&M carve out as outlined in the Indenture, and any other legally available funds as determined by the District. The maximum mill levy shall not be more than 50 mills, adjusted for changes in the method of calculating assessed valuations. In connection with the 2021A Senior Bonds, the District is required to maintain a Reserve Fund in the amount of \$785,200, however, this requirement was satisfied by the issuance of a reserve insurance policy. The District also purchased a bond insurance policy for the 2021A Senior Bonds.

The 2021B Subordinate Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinated Required Mill Levy less any O&M carve out as outlined in the Indenture, and any other legally available funds as determined by the District after application of such amounts to pay amounts due on the 2021A Senior Bonds.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

As a result of issuance of the 2021A Senior Bonds and 2021B Subordinate Bonds, the refunded bonds are considered to be defeased. The net carrying amount of the old debt exceeded the reacquisition price by \$1,620,512. This amount is recorded as a deferred inflow and is being amortized over the life of the old debt. This advance refunding was undertaken to achieve interest rate savings and affect other economies. The refunding resulted in an economic gain of \$5,732,000 due to the average interest rate of the 2021A Senior Bonds and Series 2021B Subordinate Bonds being lower than the refunded bonds.

Events of default as defined in the bond indenture for the District's 2021A Senior Bonds and the 2021B Subordinate Bonds include (1) failure by the District to impose the necessary required mill levy or apply the proceeds thereof as required by the bond indentures, (2) default by the District in performance or observance of any other covenants, agreements, or conditions on the part of the District in the bond indentures or resolution, other than as described in the indentures and fails to remedy after notice, and (3) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the bond purchase agreement. Failure to pay principal and interest on the bonds when due shall not, of itself, constitute an event of default. Remedies available in the event of default include receivership, suit for judgement, or mandamus or other suit. Acceleration of the bonds is not an available remedy for default.

The following is a summary of the annual long-term debt principal and interest requirements for the 2021A Bonds:

	Principal	Interest	Total
2026	\$ 175,000	\$ 420,225	\$ 595,225
2027	185,000	411,475	596,475
2028	205,000	404,075	609,075
2029	210,000	395,875	605,875
2030	230,000	387,475	617,475
2031-2035	1,385,000	1,787,375	3,172,375
2036-2040	1,820,000	1,516,700	3,336,700
2041-2045	2,440,000	1,112,400	3,552,400
2046-2050	3,275,000	557,200	3,832,200
2051	755,000	30,200	785,200
	<u>\$ 10,680,000</u>	<u>\$ 7,023,000</u>	<u>\$ 17,703,000</u>

Due to the uncertainty of the timing of the principal and interest on the 2021B Subordinate Bonds, a schedule of the estimated timing of these payments is not available.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

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
<u>General Obligation Bonds</u>					
2021A Senior Bonds	\$ 10,835,000	\$ -	\$ (155,000)	\$ 10,680,000	\$ 175,000
2021A Premium	<u>1,028,184</u>	<u>-</u>	<u>(59,058)</u>	<u>969,126</u>	<u>-</u>
Total	11,863,184	-	(214,058)	11,649,126	175,000
2021B Subordinate Bonds	<u>4,735,000</u>	<u>-</u>	<u>(34,000)</u>	<u>4,701,000</u>	<u>-</u>
Total	4,735,000	-	(34,000)	4,701,000	-
	<u>\$ 16,598,184</u>	<u>\$ -</u>	<u>\$ (248,058)</u>	<u>\$ 16,350,126</u>	<u>\$ 175,000</u>

At December 31, 2025, the District had total voter authorized debt of \$208,000,000 of which \$16,000,000 has been issued, leaving an authorized but unissued balance of \$192,000,000. Per the District's Service Plan, the District cannot issue debt in excess of \$16,000,000 without the approval of the Town leaving zero authorized but unissued debt per the service plan. The District has not budgeted to issue any debt in 2026.

Note 5: Transfer

During the year ended December 31, 2025, the General Fund transferred \$150,000 to the Landscaping Special Revenue Fund to provide funding for payment of operation, maintenance, repairs and improvements of the District's landscaping.

Note 6: 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.

On November 3, 2015, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

HERITAGE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

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 7: 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 8: 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) Capital assets used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The 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 capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) 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
- 3) 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.

SUPPLEMENTARY INFORMATION

HERITAGE RIDGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2025

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 1,069,231	\$ 1,069,231	\$ 1,068,949	\$ (282)
Specific ownership taxes	64,154	64,154	66,854	2,700
Interest income	<u>-</u>	<u>22,000</u>	<u>19,646</u>	<u>(2,354)</u>
Total Revenues	<u>1,133,385</u>	<u>1,155,385</u>	<u>1,155,449</u>	<u>64</u>
EXPENDITURES				
Bond principal	155,000	155,000	189,000	(34,000)
Bond interest expense	949,500	971,349	939,040	32,309
Miscellaneous expenses	500	650	-	650
Paying agent fees	7,000	7,000	7,000	-
Treasurer's fees	<u>21,385</u>	<u>21,386</u>	<u>20,334</u>	<u>1,052</u>
Total Expenditures	<u>1,133,385</u>	<u>1,155,385</u>	<u>1,155,374</u>	<u>11</u>
NET CHANGE IN FUND BALANCE	-	-	75	75
FUND BALANCE:				
BEGINNING OF YEAR	<u>10,825</u>	<u>15,378</u>	<u>15,379</u>	<u>1</u>
END OF YEAR	<u>\$ 10,825</u>	<u>\$ 15,378</u>	<u>\$ 15,454</u>	<u>\$ 76</u>

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