DANCING WILLOWS METROPOLITAN DISTRICT

JEFFERSON COUNTY, COLORADO

FINANCIAL STATEMENTS
As of and for the 12-month period ended
December 31, 2025

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FLYNN CPA, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Dancing Willows Metropolitan District

Jefferson County, CO

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, 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 (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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, 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 the District's basic financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any 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.

Flynn CPA, LLC

Castle Pines, Colorado
June 11, 2026

DANCING WILLOWS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

		Governmental Activities
ASSETS		
Cash and investments	$	439,611
Cash and investments – restricted		667,062
Accounts receivable		-
Accounts receivable – specific ownership taxes		3,481
Property taxes receivable		630,900
Prepaid expenses		16,162
Land and water rights		14,600
Depreciable capital assets, net		2,800,433
Total Assets	**$**	**4,572,249**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding		61,442
LIABILITIES		
Accounts payable and accrued liabilities	$	24,136
Accrued interest payable		10,233
Current portion of general obligation bank note		75,000
General obligation bonds		3,140,000
Unamortized bond premium		60,371
Total Liabilities		**3,309,740**
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue		630,900
NET POSITION (DEFICIT)		
Restricted:		
Emergency reserves		10,500
Debt service		186,950
Capital projects		470,732
Non-spendable		16,162
Unassigned:		8,707
Net Position (Deficit)	**$**	**693,051**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

DANCING WILLOWS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2025

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Primary Government:					
Government Activities:					
General government activities	$ (283,755)	$ 17,002		$ -	$ (266,753)
Interest and related costs on long-term debt	(128,032)	-	-	-	(128,032)
Capital project activities	(215,465)	-	-	1,570	(213,895)
	$ (627,252)	**$ 17,002**	**$ -**	**$ 1,570**	**(608,680)**
	General Revenues				
	Property taxes				630,872
	Specific ownership taxes				42,774
	Net investment income				54,994
	Total general revenue				**728,640**
	Change in net position				119,960
	Net Position (Deficit) – Beginning of Year (As adjusted per Note 6)				573,091
	Net Position (Deficit) – End of Year				**$ 693,051**

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

DANCING WILLOWS METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Government Funds
ASSETS				
Cash and investments	$ 439,611	$ -	$ -	$ 439,611
Cash and investments - Restricted	10,500	185,830	470,732	667,062
Accounts receivable	-	-	-	-
Accounts receivable – spec ownership taxes	2,361	1,120	-	3,481
Property taxes receivable	403,800	227,100	-	630,900
Prepaid expenses	16,162	-	-	16,162
TOTAL ASSETS	**$ 872,434**	**$ 414,050**	**470,732**	**$ 1,757,216**
LIABILITIES				
Accounts payable and accrued liabilities	$ 24,136	$ -	-	$ 24,136
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	403,800	227,100	-	630,900
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**427,936**	**227,100**	**-**	**655,036**
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	10,500	-		10,500
Debt service	-	186,950		186,950
Capital projects	-	-	470,732	470,732
Non-spendable	16,162	-	-	16,162
Unrestricted	417,836			417,836
Total Fund Balances	**444,498**	**186,950**	**470,732**	**1,102,180**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 872,434**	**$ 414,050**	**470,732**	

Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds	
Land and water rights	14,600
Property, structures and equipment, net	2,800,433
Long-term liabilities, including bank notes, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds	(3,215,000)
Accrued interest payable	(10,233)
Unamortized Bond Premium	(60,371)
Deferred loss on bond refunding	61,442
Net position of governmental activities	**$ 693,051**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

DANCING WILLOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2025

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
REVENUES				
Property taxes	$ 427,927	$ 202,945	$ -	$ 630,872
Specific ownership taxes	29,014	13,760	-	42,774
Conservation trust fund income	-	-	1,570	1,570
Clubhouse facility rentals	17,002	-	-	17,002
Net investment income	28,294	552	26,148	54,994
Other income	-	-	-	-
Total Revenues	**502,237**	**217,257**	**27,718**	**747,212**
EXPENDITURES				
General and administration	110,929	-	-	110,929
Landscaping maintenance	21,544	-	-	21,544
Clubhouse/pool maintenance	51,719	-	-	51,719
Capital Asset Maintenance	33,482	-	-	33,482
Other district expenses	66,081	-	-	66,081
Debt service				
Debt management & compliance	-	3,446	-	3,446
Interest payments – Series 2017 Bonds	-	124,500	-	124,500
Principal payments - Series 2017 Bonds	-	70,000	-	70,000
Public infrastructure acquisitions	-	-	236,686	236,686
Total Expenditures	**283,755**	**197,946**	**236,686**	**718,387**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**218,482**	**19,311**	**(208,968)**	**28,825**
OTHER FINANCING SOURCES (USES)				
Fund Transfers In / (Out)	(150,000)	-	150,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	**68,482**	**19,311**	**(58,968)**	**28,825**
FIND BALANCES – BEGINNING	**376,016**	**167,639**	**529,700**	**1,073,355**
FUND BALANCES – END OF YEAR	**$ 444,498**	**$ 186,950**	**470,732**	**$ 1,102,180**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

DANCING WILLOWS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – Total government funds	$	28,825
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 net capital outlay activity for the year:		
Construction of public infrastructure		220,439
Depreciation expense on property, structures and equipment		(199,218)
The issuance of long-term debt (e.g., bank notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payment on bonds		70,000
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.		
Amortization of bond premium		4,837
Amortization of deferred loss on debt refinancing		(4,923)
Changes in net position of governmental activities	**$**	**119,960**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

DANCING WILLOWS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 427,880	$ 427,927	$ 47
Specific ownership taxes	42,780	29,014	(13,766)
Covenant violation fine income/reimbursements	-	-	-
Clubhouse facility rentals	4,000	17,002	13,002
Net investment income	15,000	28,294	13,294
Other Income	500	-	(500)
Total Revenues	**490,160**	**502,237**	**12,577**
EXPENDITURES			
General and administration	161,797	110,929	50,868
Landscaping maintenance	89,500	21,544	67,956
Pool & clubhouse maint & operation	35,000	51,719	(16,719)
Capital Asset Maintenance	19,000	33,482	(14,482)
Other district expenses	70,000	66,081	3,919
Total Expenditures	**375,297**	**283,755**	**91,542**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**114,863**	**218,482**	**103,619**
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	**(150,000)**	**(150,000)**	**-**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	**(35,137)**	**68,482**	**103,619**
FUND BALANCE – BEGINNING OF YEAR	**297,469**	**376,016**	**78,547**
FUND BALANCE – END OF YEAR	**$ 262,332**	**$ 444,498**	**$ 182,166**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

DANCING WILLOWS METROPOLITAN DISTRICT
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	$ 68,000	$ 77,427	$ (9,427)
Administrative costs	8,650	751	7,899
Audit fees	15,000	8,950	6,050
Collection fees – County Treasurer	6,417	6,423	(6)
Board of Directors' fees	3,230	3,014	216
Board training and conferences	3,000	3,435	(435)
Board election expenses	20,000	75	19,925
Insurance	17,000	5,767	11,233
Legal fees	5,000	5,087	(87)
Debt covenant compliance and management	-	-	-
Miscellaneous	15,500	-	15,500
Total General and Administration	**$ 161,797**	**$ 110,929**	**$ 50,868**
LANDSCAPING MAINTENANCE			
Ground maintenance fees	$ 8,000	$ 8,254	$ (254)
Tree maintenance & replacement	6,000	-	6,000
Sprinkler repairs	6,000	2,420	3,580
Backflow maintenance	-	424	(424)
Sprinklers – water	46,500	5,732	40,768
Sprinklers – electricity	1,000	151	849
Winter tree watering	10,000	1,294	8,706
Grounds improvements	12,000	3,269	8,731
Miscellaneous landscape costs	-	-	-
Total Landscaping Maintenance	**$ 89,500**	**$ 21,544**	**$ 67,956**
POOL & CLUBHOUSE MAINT & OPERATION			
Pool maintenance	$ 12,000	$ 12,930	$ (930)
Pool chemicals	6,000	5,514	486
Pool repairs	10,000	6,728	3,272
Utilities (gas)	-	5,740	(5,740)
Utilities (water)	-	8,455	(8,455)
Utilities (electricity)	-	4,192	(4,192)
Internet service	-	1,003	(1,003)
Gate monitor fees	-	-	-
Pool gate keys	-	-	-
Clubhouse maintenance and repairs	7,000	3,820	3,180
Clubhouse supplies	-	1,577	(1,577)
Bathroom cleaning/trash removal services	-	1,760	(1,760)
Total Pool & Clubhouse Maint & Operation	**$ 35,000**	**$ 51,719**	**$ (16,719)**
CAPITAL ASSET MAINTENANCE			
Underdrain maintenance	$ 16,000	$ 9,897	$ 6,103
Street/alleyway maintenance	3,000	-	3,000
Monument sign maintenance	-	1,410	(1,410)
Streetlights - electric bills	-	11,257	(11,257)
Property insurance	-	10,918	(10,918)
Total Capital Asset Maint Expenses	**$ 19,000**	**$ 33,482**	**$ (14,482)**
OTHER DISTRICT EXPENSES			
Snow removal	$ 70,000	$ 65,216	$ 4,784
Seasonal decorations	-	697	(697)
Park and recreation events	-	168	(168)
Vandalism	-	-	-
Total Other District Expenses	**$ 70,000**	**$ 66,081**	**$ 3,919**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NOTE 1 – DEFINITION OF REPORTING ENTITY

Dancing Willows Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on January 06, 2005 and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by Jefferson County (County) in January 2005. The District's service area is located within Littleton, Colorado in the northwest section of W Bowles Avenue and S Simms Street. The District is comprised entirely of residential property consisting of (1) 96 condo units, (2) 57 patio homes and (3) 143 townhomes. The District was established to provide financing for the design, acquisition, construction and installation of public Improvements within the District boundaries that benefit the taxpayers and inhabitants of the District. The District also maintains and operates roads and recreational facilities within the District.

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 organizations 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are 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 property taxes.

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major 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. 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 general obligation debt of the governmental funds.
>
> The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

Budgets

In accordance with Colorado State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures 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 the total cash.

Investments are carried at net asset value.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred 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.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. In 2025, the District's share of specific ownership taxes was equal to approximately 6.8% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Amortization of Series 2017 Bond Premium

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

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2025 are comprised of property taxes due from Jefferson County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District has 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.

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Equity

Net Position

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

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: non-spendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- ***Non-spendable fund balance*** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.

- ***Restricted fund balance*** – The portion of a 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 a 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 a 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 a fund balance that does not meet any of the criteria described above.

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

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 of these financial statements.

The District adopted the requirements of this guidance effective January 01, 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 – unrestricted	$ 439,611
Cash and investments – restricted	667,062
Total cash and investments	**$ 1,106,673**

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

Deposits with financial institutions	$ 12,166
Investments	1,094,507
Total cash and investments	**$ 1,106,673**

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% 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.

As of December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of $12,166.

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 listed 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 disclosure requirements or subject to 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2025, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
ColoTrust+ Fund	Weighted Average Under 60 Days	$ 1,094,507

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus finds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust is rated AAAm by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2025, follows:

	Balance at Dec. 31, 2024	Additions	Deletions	Balance at Dec. 31, 2025	Accumulated Depreciation
Streets & alleyways	$ 4,755,406	$ 193,043	$ -	$ 4,948,449	($2,848,425)
Clubhouse structure	502,346	-	-	502,346	(300,477)
Pool Structure	642,136	-	-	642,136	(474,939)
Underdrain system	198,581	-	-	198,581	(6,619)
Perimeter fencing	59,978	-	-	59,978	(11,996)
Safety protection	87,281	-	-	87,281	(63,278)
Monument signs	60,000	-	-	60,000	(44,500)
Clubhouse - furniture and equip	35,000	-	-	35,000	(31,500)
Pool furniture & equipment	70,000	27,396	(10,000)	87,396	(39,000)
Capital assets, net	**$ 6,410,728**	**$ 220,439**	**($ 10,000)**	**$ 6,621,167**	**($ 3,820,734)**

The District owns five land tracts totaling 1.46 acres within the District and such land is recorded at a value of $14,600.

NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2025:

	Balance at Dec. 31, 2024	Additions	Retirements	Balance at Dec. 31, 2025	Due within one year
Series 2017 Bonds	$ 3,285,000	$ -	($ 70,000)	$ 3,215,000	$ 75,000
Accrued Interest – Series 2017 Bonds	10,233	124,500	(124,500)	10,233	-
Total	**$ 3,295,233**	**$ 124,500**	**($ 194,500)**	**$ 3,225,233**	**$ 75,000**

Details regarding the District's long-term obligations are as follows:

Series 2017 Bonds

On December 21, 2017, District issued General Obligation Refunding Bonds (Series 2017 Bonds) in the principal amount of $3,635,000. The Series 2017 Bonds were issued for the purpose of providing funds to refund the District’s prior debt obligations. The Series 2017 Bonds mature at various dates through December 1, 2046. Interest on the Series 2017 Bonds is 4.00% through December 01, 2037 and 3.625% thereafter. Interest is payable semi-annually on June 1st and December 1st and principal payments are payable December 1st each year. The Series 2017 Bonds are general obligations of the District secured by the District’s full faith and credit, and all of the taxable property of the District is subject to the levy of an ad valorem tax without limitation of rate and in an amount sufficient to pay the principal of and interest on the Bonds when due.

The Series 2017 Bonds are subject to redemption prior to maturity at the option of the District at any time on or after December 01, 2028. Such Bonds may be redeemed without any redemption premium.

Outstanding bond principal and interest on the Series 2017 Bonds mature as follows:

	Principal	Interest	Total
2026	$ 75,000	$ 121,700	$ 196,700
2027	80,000	118,700	198,700
2028	90,000	115,500	205,500
2029	95,000	111,900	206,900
2030	105,000	108,100	213,100
2031-2035	620,000	472,700	1,092,700
2036-2040	840,000	333,432	1,173,432
2041-2045	1,070,000	163,125	1,233,125
2046	240,000	8,700	248,700
Total	**$ 3,125,000**	**$ 1,553,857**	**$ 4,768,857**

The District's detail debt service schedule for its Series 2017 Bonds is provided on page 22.

Contractual Terms Regarding Events of Default – Series 2017 Bonds

The following events are considered events of default under the 2017 Bond Resolution: (1) payment of the principal of or redemption premium on any Bond is not paid by the District when due, (2) payment of any interest on any Bond is not paid by the District when due, (3) the District defaults in the performance of any of the covenants in the Bond Resolution, and such default continues for 60 days after written notice or (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Available remedies for an Event of Default are (1) initiating a lawsuit against the District and (2) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization – TABOR

On November 01, 2025, the remaining, unused debt issuance authorization obtained from the District's electors in November 2025 expired Per C.R.S 32-1-1101(2). The District is unable to issue any additional debt without first submitting to the voters and obtaining voter approval of a TABOR ballot issue requesting authority to issue additional debt.

Debt Authorization – Service Plan

Per the District's 2005 Service Plan, no limitation exists on the debt mill levy the District may impose to fund the repayment of its debt when the District's total outstanding debt is less than 50% of the assessed value of property within the District. As of December 31, 2025, the District's total outstanding debt was less than 50% of the assessed value of property within the District.

As of December 31, 2025, total remaining debt issuance authorization under the District's Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	$ 3,720,000
Less:	
Series 2008A Bonds	(610,904)
Series 2008B Bonds	(3,108,609)
Series 2017 Refunding Bonds	-
Unused, authorized debt issuance as of Dec. 31, 2025	**$ 487**

NOTE 6 – NET POSITION (DEFICIT)

Correction of Beginning Balances

In 2023, the District replaced the perimeter privacy fence adjacent to Bowles Avenue at a cost of $59,978. The District expensed this amount in 2023 rather than capitalizing this District asset. The District has subsequently determined this asset should be capitalized and the District estimates the depreciable life of this fenceline is 10 years.

The effect from this adjustment is as follows:

Net position - December 31, 2024, as originally stated	$	519,111
Capitalize fence installed in 2023 along Bowles Ave		59,978
Accumulated depreciation on Bowles Ave fence	(	5,998)
Net position - December 31, 2024, as restated	**$**	**573,091**

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2025 in the general fund, debt service fund and capital project fund totaled $16,162, $0, and $0, respectively. These balances were created due to the District prepaying certain 2026 expenses in 2025.

Restricted Net Position

The District's restricted net position as of December 31, 2025 in the general fund, debt service fund and capital project fund totaled $10,500, $186,950 and $470,732, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 9 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2017 Bonds.

Unassigned Net Position

The District's unassigned net position as of December 31, 2025 totaled $8,707. This deficit amount was a result of the District being responsible for the repayment of bonds issued to subsidize the Developer's construction of public improvements conveyed to Jefferson County and to the District.

NOTE 7 – RELATED PARTIES

None of the directors that served on the District's board in 2025 reported any conflicts of interest arising from their participation on the District's board.

NOTE 8 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 – 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. 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). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation. 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.

On November 01, 2005, ten individuals qualified to vote by the Developer unanimously voted in approval of authorizing the District to:

- assess property taxes at no more than $500,000 annually, without limitation to rate, to pay the District's administrative, operations, maintenance and other expenses; and

- collect and spend or retain all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

SUPPLEMENTARY INFORMATION

DANCING WILLOWS METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 202,944	$ 202,945	$ 1
Specific ownership taxes	-	13,760	13,760
Net investment income	100	552	452
Total Revenues	**203,044**	**217,257**	**14,213**
EXPENDITURES			
Debt management and compliance	4,044	3,446	598
Cash payments on debt			
Interest payments - Series 2017 Bonds	124,500	124,500	-
Principal payments - Series 2017 Bonds	70,000	70,000	-
Total Expenditures	**198,544**	**197,946**	**598**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**4,500**	**19,311**	**14,811**
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	**4,500**	**19,311**	**14,811**
FUND BALANCE – BEGINNING	**167,531**	**167,639**	**108**
FUND BALANCE – END OF YEAR	**$ 172,031**	**$ 186,950**	**$ 14,919**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

DANCING WILLOWS METROPOLITAN DISTRICT
DEBT SERVICE FUND
COLLECTION COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DEBT MANAGEMENT & COMPLIANCE			
Debt covenant compliance and management	$ -	$ -	$ -
Collection fees – County Treasurer	3,044	3,046	(2)
Bond trustee fees	1,000	400	600
Other costs	-	-	-
Total Debt Management & Compliance	**$ 4,044**	**$ 3,446**	**$ 598**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

DANCING WILLOWS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	$ 18,000	$ 26,148	$ 8,148
Conservation trust fund income	1,650	1,570	(80)
Other income	-	-	-
Total Revenues	**19,650**	**27,718**	**8,068**
EXPENDITURES			
Rotomill streets (capitalized)	200,000	193,043	6,957
Pool heater (capitalized)	20,000	27,396	(7,396)
Clubhouse interior painting	10,000	7,985	2,015
Other capital projects	60,000	8,262	51,738
Total Expenditures	**290,000**	**236,686**	**53,314**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(270,350)**	**(208,968)**	**61,382**
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	150,000	150,000	-
Total Other Financing Sources (Uses)	**150,000**	**150,000**	**-**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	**(120,350)**	**(58,968)**	**61,382**
FUND BALANCE – BEGINNING OF YEAR	**536,245**	**529,700**	**6,545**
FUND BALANCE – END OF YEAR	**$ 415,895**	**$ 470,732**	**$ 67,927**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

DANCING WILLOWS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2025

The District's repayment schedule for its Series 2017 Bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2026	$ 75,000	$ 121,700	4.000%	$ 196,700
2027	80,000	118,700	4.000%	198,700
2028	90,000	115,500	4.000%	205,500
2029	95,000	111,900	4.000%	206,900
2030	105,000	108,100	4.000%	213,100
2031	110,000	103,900	4.000%	213,900
2032	120,000	99,500	4.000%	219,500
2033	120,000	94,700	4.000%	214,700
2034	130,000	89,900	4.000%	219,900
2035	140,000	84,700	4.000%	224,700
2036	155,000	79,100	4.000%	234,100
2037	155,000	72,900	4.000%	227,900
2038	170,000	66,700	3.625%	236,700
2039	175,000	60,538	3.625%	235,538
2040	185,000	54,194	3.625%	239,194
2041	195,000	47,488	3.625%	242,488
2042	205,000	40,419	3.625%	245,419
2043	215,000	32,987	3.625%	247,987
2044	225,000	25,194	3.625%	250,194
2045	230,000	17,037	3.625%	247,037
2046	240,000	8,700	3.625%	248,700
	$ 3,215,000	**$ 1,553,857**		**$ 4,768,857**

The original balance on the Series 2017 Bonds totaled $3,635,000. Interest is payable each year on June 1st and December 1st and principal payments are due each year on December 1st.

DANCING WILLOWS METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2020	$ 9,651,224	48.200	11.800	$ 579,100	$ 578,705	99.9%
2021	9,663,992	46.300	18.700	628,200	627,835	99.9%
2022	10,243,997	34.000	18.500	537,800	537,436	99.9%
2023	9,975,112	34.000	18.500	523,700	523,695	100.0%
2024	10,944,275	34.018	18.510	574,900	608,998	105.9%
2025	10,964,033	39.030	18.510	630,900	630,872	100.0%
2026	11,498,160	35.119	19.751	630,900	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

DANCING WILLOWS METROPOLITAN DISTRICT

CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2025

	2024 Mill Levy *	2025 Mill Levy **	Change
Dancing Willows Metropolitan District	57.540	54.870	(2.670)
Jefferson County School District	44.488	44.349	(0.139)
Jefferson County	29.318	29.477	0.159
West Metro Fire Protection District	13.690	14.361	0.671
Foothills Park & Recreation District	9.482	9.492	0.010
Willowbrook Water & Sanitation District	2.002	1.776	(0.226)
Urban Drainage & Flood Control District	0.900	0.900	-
Urban Drainage & Flood Control District – South Platte	0.100	0.100	-
Total Mill Levy	**157.520**	**155.325**	**(2.200)**

* -- For property tax collections in 2025

** -- For property tax collections in 2026

DANCING WILLOWS METROPOLITAN DISTRICT

HISTORICAL DEBT RATIOS

December 31, 2025

	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
General obligation bonds	$ 3,460,000	$ 3,405,000	$ 3,350,000	$ 3,285,000	$ 3,215,000
Accrued, unpaid interest - Bonds	10,763	10,627	10,447	10,233	10,233
Restricted cash	(149,449)	(151,067)	(148,450)	(167,639)	(185,830)
Combined assessed property values within the District	10,243,997	9,975,112	10,944,275	10,964,033	11,498,160
Ratio of debt to assessed property values	32.4%	32.7%	29.3%	28.5%	26.4%