HOLLAND CREEK METROPOLITAN DISTRICT
EAGLE COUNTY, COLORADO
2025 ANNUAL REPORT

County Clerk and Recorder
Eagle County, Colorado
via Email

Office of the State Auditor
1525 Sherman Street, 7th Floor
Denver, Colorado 80203
via E-Filing Portal

Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203
via E-Filing Portal

Pursuant to Section 32-1-207(3)(c)(I), C.R.S., the Holland Creek Metropolitan District (the "**District**") is required to submit an annual report for the preceding calendar year (the "**Report**") no later than October 1 of each year to Eagle County, Colorado (the "**County**"), the Colorado Division of Local Government, the Colorado State Auditor, the County Clerk and Recorder; the Report must also be posted on the District's website, if available.

For the year ending December 31, 2025, the District makes the following report:

1. **Boundary changes made**:

   None

2. **Intergovernmental agreements entered into or terminated**:

   The District did not enter into, nor terminate, any Intergovernmental Agreements with other governmental entities in 2025.

3. **Access information to obtain a copy of the Rules and Regulations**:

   The Rule & Regulations can be access by the public on the Districts website: https://redskyranchmetro.com/

4. **A summary of any litigation involving public improvements by the District:**

In May 2022, the Red Sky Ranch Metropolitan District filed a district court complaint against the developer (Vail Resorts), Holland Creek Metropolitan District, and others, asserting claims related to district governance and the development and financing of public infrastructure. The case was dismissed in part, and the partial dismissal was appealed to the Court of Appeals. On May 22, 2025, the Court of Appeals affirmed the district court and remanded the case. In February 2026, the parties fully resolved their dispute and the remaining claims were dismissed with prejudice.

5. **Status of the construction of public improvements by the District:**

None

6. **List of facilities or improvements constructed by the District that were conveyed to the County**:

No facilities or improvements were constructed by the District and conveyed to the County in 2025.

7. **Final Assessed Value of Taxable Property within the District's boundaries as of December 31, 2025**:

The 2025 total assessed value of taxable property within the boundaries of the District is $59,980.

8. **Current annual budget of the District**:

Attached as Exhibit A is a copy of the District's Budget for the current fiscal year 2026.

9. **Most recently filed audited financial statements of the District. To the extent audited financial statements are required by state law or most recently filed audit exemption**:

Attached as Exhibit B is a copy of the District's audited financial statements for fiscal year 2025.

10. **Notice of any uncured defaults existing for more than 90 days under any debt instrument of the District**:

The District is not in default on any debt instrument.

11. **The District's inability to pay any financial obligations as they come due under any obligation which continues beyond a ninety-day period**:

To our knowledge, the District has the ability to pay all financial obligations as required in accordance with the terms of the financial instruments.

Respectfully submitted this 6th day of August, 2026

HOLLAND CREEK
METROPOLITAN DISTRICT
Eagle County, Colorado

EXHIBIT A

2026 Budget

HOLLAND CREEK METROPOLITAN DISTRICT

January 29, 2026

Division of Local Government
Via: E-Filing Portal

RE: Holland Creek Metropolitan District
LGID #19073

Attached is the 2026 Budget for the Holland Creek Metropolitan District in Eagle County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This Budget was adopted on October 20, 2025. If there are any questions on the budget, please contact Mr. Kenneth J. Marchetti, telephone number 970-926-6060.

The mill levy certified to the County Commissioners of Eagle County is 45.000 mills for all general operating purposes, subject to statutory and/or TABOR limitations; 0.000 mills for G.O. bonds; 0.000 mills for refund/abatement; and 0.000 mills for Temporary Tax Credit/Mill Levy Reduction. Based on an assessed valuation of $59,980, the total property tax revenue is $2,699.10. A copy of the certification of mill levies sent to the County Commissioners for Eagle County is enclosed.

I hereby certify that the enclosed is a true and accurate copy of the budget and certification of tax levies to the Board of County Commissioners of Eagle County, Colorado.

Sincerely,

KJMarchetti

Title: District Accountant

Enclosure(s)

HOLLAND CREEK METROPOLITAN DISTRICT

2026 BUDGET MESSAGE

Holland Creek Metropolitan District is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to supply the necessary services of water, streets, parks & recreation, safety protection, sanitary sewer, and mosquito control.

The District filed a joint service plan with Red Sky Ranch Metropolitan District, known as the "financing district." The Holland Creek Metropolitan District is known as the "service district."

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

The following budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

2026 BUDGET STRATEGY

The District is the service district in a dual district structure whereby its primary sources of revenues are contract fees received from the companion district Red Sky Ranch Metropolitan District pursuant to an IGA. The District will use these revenues plus a small amount of property taxes it collects along with various user fees to finance the cost of providing the services and recreational amenities desired by the property owners and residents of the District.

RESOLUTIONS OF HOLLAND CREEK METROPOLITAN DISTRICT

TO ADOPT 2026 BUDGET

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE HOLLAND CREEK METROPOLITAN DISTRICT, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2026 AND ENDING ON THE LAST DAY OF DECEMBER 2026.

WHEREAS, the Board of Directors (the "Board") of the Holland Creek Metropolitan District (the "District") has appointed a budget committee to prepare and submit a proposed 2026 budget at the proper time; and

WHEAREAS, such committee has submitted a proposed budget to this governing body at the proper time, for its consideration, and;

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, and a public hearing was held on October 20, 2025, interested taxpayers were given the opportunity to file or register any objections to said proposed budget; and;

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves/fund balances so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the District:

Section 1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the District for the year stated above, as adjusted for immaterial changes in the final certified assessed value of the District as certified by the county assessor and corresponding adjustments resulting from such changes to the assessed value. In the event there are material changes to the assessed value then a subsequent meeting of the Board shall be called to consider such changes. Furthermore, to the extent capital or significant operating expenditures forecasted for the current year are anticipated to be extended into the following year, the expenditures and offsetting change in the budgeted beginning fund balance shall be updated to reflect management's best estimate at the time the budget is to be filed with the Colorado Division of Local Affairs.

Section 2. That the budget hereby approved and adopted shall be certified by any officer of the District or the District Administrator of the District and made a part of the public records of the District.

RESOLUTIONS OF HOLLAND CREEK METROPOLITAN DISTRICT (CONTINUED)

TO SET MILL LEVIES

A RESOLUTION LEVYING PROPERTY TAXES FOR THE YEAR 2025, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE HOLLAND CREEK METROPOLITAN DISTRICT, EAGLE COUNTY, COLORADO, FOR THE 2026 BUDGET YEAR.

WHEREAS, the Board of Directors of the Holland Creek Metropolitan District (the "District"), has adopted the annual budget in accordance with the Local Government Budget Law, on October 20, 2025, and;

WHEREAS, the amount of money necessary to balance the budget for general operating expenses and capital expenditure purposes from property tax revenue is $2,699 and;

WHEREAS, the Board of Directors of the District finds that it is required to temporarily lower the general operating mill levy to render a refund for $0.00, and;

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue approved by voters or at public hearing is $0.00, and;

WHEREAS, the amount of money necessary to balance the budget for voter approved bonds and interest is $0.00, and;

WHEREAS, the 2025 valuation for assessment for the District, as certified by the County Assessor is $ 59,980.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the District:

Section 1. That for the purposes of meeting all general operating expenses of the District during the 2026 budget year, there is hereby levied a tax of 45.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2025.

Section 2. That for the purposes of rendering a refund to its constituents during budget year 2026 there is hereby levied a temporary tax credit/mill levy reduction of 0.00 mills.

Section 3. That for the purpose of meeting all capital expenditures of the District during the 2026 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2025.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

Section 4. That for the purpose of meeting all payments for bonds and interest of the District during the 2026 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2025.

Section 5. That any officer of the District or the District Administrator is hereby authorized and directed to either immediately certify to the Board of County Commissioners of Eagle County, Colorado, the mill levies for the District as hereinabove determined and set, or be authorized and directed to certify to the Board of County Commissioners of Eagle County, Colorado, the mill levies for the District as hereinabove determined and set based upon the final (December) certification of valuation from the County Assessor.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

TO APPROPRIATE SUMS OF MONEY
(PURSUANT TO SECTION 29-1-108, C.R.S.)

A RESOLUTION APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS AND SPENDING AGENCIES, IN THE AMOUNT AND FOR THE PURPOSE AS SET FORTH BELOW, FOR THE HOLLAND CREEK METROPOLITAN DISTRICT, EAGLE COUNTY, COLORADO, FOR THE 2026 BUDGET YEAR.

WHEREAS, the Board of Directors of the Holland Creek Metropolitan District (the "District") has adopted the annual budget in accordance with the Local Government Budget Law of Colorado, on October 20, 2025, and;

WHEREAS, the Board of Directors has made provision therein for revenues in an amount equal or greater to the total proposed expenditures as set forth in said budget, and;

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues and reserves or fund balances provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT:

Section 1. That the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated:

GENERAL FUND:	
Current Operating Expenses	$1,142,262
Fund Transfers	150,000
TOTAL GENERAL FUND:	$1,292,262
DEBT SERVICE FUND:	
Debt Service Expenditures	$441,275
Fund Transfers	0
TOTAL DEBT SERVICE FUND	$441,275
ENTERPRISE FUND:	
Water Operating Expenses	$297,750
Water Capital and Project Expenditures	62,500
Wastewater Operating Expenses	228,263
Wastewater Capital Expenditures	280,000
TOTAL ENTERPRISE FUND:	$868,513

TO ADOPT 2026 BUDGET, SET MILL LEVIES AND APPROPRIATE SUMS OF MONEY (CONTINUED)

The above resolutions to adopt the 2026 budget, set the mill levies and to appropriate sums of money were adopted this 20th day of October, 2025.

DocuSigned by:

Officer of the District: Daniel Ramker

6E71340BB242406...

Title: President of Holland Creek metro district

HOLLAND CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED
MODIFIED ACCRUAL BASIS

ALL FUNDS COMBINED SUMMARY	**2024 Audited Actual**	**Cal Year 2025 Forecast**	**2026 Adopted Budget**
REVENUES			
Assessed Valuation			
Holland Creek	61,990	61,990	59,980
Red Sky Ranch	27,516,300	27,420,850	27,847,740
RSR Services/Operations Mill Levy Rate	25.000	25.000	11.000
Property Taxes-Operating	2,900	2,790	2,699
Specific Ownership Taxes	133	65	162
RSRMD Prop Tax Trans.-Operating	686,186	685,521	441,387
RSRMD - 5.5% Sales Tax proceeds	0	0	374,692
RSRPOA/ VR Gatehouse Ops Funding	163,710	161,206	213,819
Other Income	375	4,000	0
Interest Income	118,627	60,662	38,293
Interest Income	0	0	0
Developer Cap Imp Fee from RSRMD	319,912	452,650	441,275
Water User Fees Commercial	53,342	58,985	61,344
Water User Fees Residential	211,465	271,452	283,597
Water Fees (Out-of-District)	0	0	0
New Water User Fee	0	0	0
Interest/ Late Fee Income	74,067	81,947	53,676
Telecom Room Lease Revenue	521	850	850
Water Tap Fees -Single Family	44,384	25,235	16,235
Water PIF Fees - Single Family	6,376	3,800	2,600
Water Tap Fees - Cluster Homes (lots 24-50)	0	0	0
Water PIF Fees - Cluster Homes	0	0	0
RSRPOA Capital Contribution	0	0	0
Transfer from RSR Bond Issuance or Capital Obligat	0	0	0
Sanitary Septic User Fee Commercial	31,259	34,509	35,544
Sanitary Septic User Fee Residential	84,674	80,745	83,975
Wastewater Tap Fee Single Family	265,870	179,641	80,000
Wasewater Tap Fee Cluster Homes (lots 24-50)	0	0	0
TOTAL REVENUES	2,063,800	2,104,058	2,130,148
	=	=	=
EXPENDITURES			
Accounting & Administration	112,269	90,000	80,000
Audit	9,000	8,950	9,400
Directors Fees	0	0	0
Election	524	2,500	500
Insurance	43,441	48,269	53,096
Legal	24,899	24,000	24,960
Special Projects - Legal	115,551	90,000	275,000
Website	240	2,500	2,000
Office Overhead & Expense	1,179	400	400
Treasurer's Fees	87	87	81
Municipal Services- VRDC	57,723	84,183	86,708
Municipal Services - Direct Expense	1,974	5,000	11,973
R & M - Equipment	8,436	10,000	10,000
R & M - Roads	0	0	0
Road Overlays/ Seals /Engineering	147,469	240,000	120,000
Traction Material	8,528	7,426	7,760
Striping	0	10,609	5,000
Asphalt Patching & Crack Seal	19,655	37,132	38,802
Miscellaneous Road Repairs	22,684	26,780	27,985
Street Lights, Address Markers, Sign Posts	6,297	37,768	39,468
Storm Drainage Maintenance	0	20,000	20,000
Weed Control	4,590	6,695	6,996
Equipment Lease/Purchase	111,038	0	0
Fire Mitigation	50,000	50,000	50,000
Mosquito Control	7,597	7,957	8,315
Gatehouse Operations Expense	163,710	161,206	213,819
VR Operations Management	0	0	0
Allocated OH (to) Cap.Imp.	0	0	0
Allocated OH (to) Water & Sewer	0	0	0
Directors Fees	0	0	0
Financial Planning	0	0	0
Contingency	0	0	50,000

ALL FUNDS COMBINED SUMMARY (CONTINUED) EXPENDITURES (CONTINUED)	2024 Audited Actual	Cal Year 2025 Forecast	2026 Adopted Budget
2001 Bond Interest	209,228	220,850	214,725
2001 Bond Principal	0	175,000	0
Letter of Credit Fee	89,224	189,300	184,050
Agent Fees	21,460	17,500	17,500
Developer Note Principal & Interest	0	0	0
Contingency	0	25,000	25,000
Administration (AmCoBi Water Billings)	3,963	4,597	4,781
Water - Engineering	25,736	0	0
Water Lease - VA /Delivery fee	23,278	50,000	52,000
Water Operations - Plant Op VR	6,000	6,427	6,620
Water Operations - Plant Op WQCP	116,191	120,432	125,249
Water Operations Direct Expenses (Mostly Utilities)	27,463	30,000	30,900
Water System Repairs & Maintenance	24,016	30,000	31,200
Water System Tools, Spare Meters	0	12,000	12,000
Contingency	0	0	35,000
GAC Replacement	33,781	35,000	20,000
Membrane Skids	0	12,500	12,500
WTP Equipment	52,060	8,500	0
Raw water Strainer replacement	0	70,000	0
Compressor Replacement	0	0	20,000
SCADA System and Local HMI	6,503	37,000	0
VFD Backwash pump #2	0	0	0
Distribution pump (Rebuild)	0	0	0
Membrane module replacement	0	48,000	0
Membrane Filtration System Replacement	0	0	0
Storage Tanks	0	0	0
TTHM Removal System Tank #1	0	0	0
Boster Pump Stations	0	0	10,000
Pump anticipation valves	0	0	0
Replace Motor Soft Starts with VFD Drives	0	0	0
Install valves that close when flooding is detected	0	0	0
Booster station #2 - replace electrical lines	0	23,400	0
Water Meter Upgrade	0	0	0
Water Plant building	0	0	0
Water Rights purchase	0	0	0
Sanitary Septic - Operations labor (VR)	12,000	30,000	13,113
Sanitary Septic - Operations labor (WQCP)	0	0	0
Sanitary Septic - Operations labor (Altitude)	67,070	40,000	41,600
Sanitary Septic - Operations	12,670	13,878	14,433
Sanitary Septic - Repairs and Maintenance	15,674	16,224	20,000
Sanitary Septic - State Systems Maintenance	0	21,632	22,497
Sanitary Septic - Norman/Fazio Repairs	0	0	40,000
Sanitary Septic - Non Routine Expenditures	0	40,019	41,620
Contingency	0	0	35,000
Wastewater System Construction- Single Family	256,621	150,000	80,000
Wastewater System Construction- Cluster Homes	0	0	0
Construction Management - WW	0	0	0
Allowance for Replacements	0	0	100,000
Other/Contingency	0	0	100,000
TOTAL EXPENDITURES	**1,919,826**	**2,398,720**	**2,452,051**
	=	=	=
REVENUE OVER (UNDER) EXPEND.	143,974	(294,662)	(321,903)
	=	=	=
OTHER SOURCES & (USES)			
Plath Obligation	0	(475,000)	0
TOTAL OTHER SOURCES & (USES)	0	(475,000)	0
FUND BALANCE - BEGINNING	3,253,496	3,397,471	2,627,809
FUND BALANCE - ENDING	**3,397,471**	**2,627,809**	**2,305,906**
No assurance is provided on these financial statements and substantially all disclosures required	=	=	=

HOLLAND CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED
MODIFIED ACCRUAL BASIS

GENERAL FUND	**2024 Audited Actual**	**Cal Year 2025 Forecast**	**2026 Adopted Budget**
REVENUES			
Assessed Valuation			
Holland Creek	61,990	61,990	59,980
Red Sky Ranch	27,516,300	27,420,850	27,847,740
RSR Services/Operations Mill Levy Rate	25.000	25.000	11.000
Property Taxes-Operating	2,900	2,790	2,699
Specific Ownership Taxes	133	65	162
RSRMD Prop Tax Trans.-Operating	686,186	685,521	441,387
RSRMD - 5.5% Sales Tax proceeds	-	-	374,692
RSRPOA/ VR Gatehouse Ops Funding	163,710	161,206	213,819
Other Income	375	4,000	0
Interest Income	118,627	60,662	38,293
TOTAL REVENUES	971,930	914,244	1,071,051
EXPENDITURES			
Accounting & Administration	112,269	90,000	80,000
Audit	9,000	8,950	9,400
Election	524	2,500	500
Insurance	43,441	48,269	53,096
Legal	24,899	24,000	24,960
Special Projects - Legal	115,551	90,000	275,000
Website	240	2,500	2,000
Office Overhead & Expense	1,179	400	400
Treasurer's Fees	87	87	81
Municipal Services- VRDC	57,723	84,183	86,708
Municipal Services - Direct Expense	1,974	5,000	11,973
R & M - Equipment	8,436	10,000	10,000
R & M - Roads			
Road Overlays/ Seals /Engineering	147,469	240,000	120,000
Traction Material	8,528	7,426	7,760
Striping	-	10,609	5,000
Asphalt Patching & Crack Seal	19,655	37,132	38,802
Miscellaneous Road Repairs	22,684	26,780	27,985
Street Lights, Address Markers, Sign Posts	6,297	37,768	39,468
Storm Drainage Maintenance	-	20,000	20,000
Weed Control	4,590	6,695	6,996
Equipment Lease/Purchase	111,038	-	0
Fire Mitigation	50,000	50,000	50,000
Mosquito Control	7,597	7,957	8,315
Gatehouse Operations Expense	163,710	161,206	213,819
Contingency	-	-	50,000
TOTAL EXPENDITURES	**916,890**	**971,461**	**1,142,262**
REVENUE OVER (UNDER) EXPEND.	55,040	(57,218)	(71,211)
OTHER SOURCES & (USES)			
Xfer from (to) Enterprise Fund	(50,000)	225,000	(150,000)
Xfer from (to) Dt Svc Fund		(175,000)	
Xfer from RSR Bond Proceeds	-		
Xfer from RSR - cap oblig			
Developer Pmt of ERFPD Reserve			
Plath Obligation		(475,000)	
TOTAL OTHER SOURCES & (USES)	(50,000)	(425,000)	(150,000)
FUND BALANCE - BEGINNING	1,571,259	1,576,299	1,094,082
FUND BALANCE - ENDING	**1,576,299**	**1,094,082**	**872,870**
statements and substantially all disclosures required by GAAP have been omitted.	=		=
Components of Fund Balance:			
Reserved for Major Replacements (roads,etc)	953,963	768,954	388,649
Reserved for Equipment Replacement	-	40,000	80,000
Reserved for Operations Expense	247,336	285,128	404,222
2015 Unspent Bond Funds	375,000	-	-
Unrestricted			
Total	1,576,299	1,094,082	872,870

HOLLAND CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED
MODIFIED ACCRUAL BASIS

DEBT SERVICE FUND	**2024 Audited Actual**	**Cal Year 2025 Forecast**	**2026 Prelim Budget**
REVENUES			
Interest Income			
Developer Cap Imp Fee from RSRMD	319,912	452,650	441,275
TOTAL REVENUES	**319,912**	**452,650**	**441,275**
EXPENDITURES			
2001 Bond Interest	209,228	220,850	214,725
2001 Bond Principal	-	175,000	0
Letter of Credit Fee	89,224	189,300	184,050
Agent Fees	21,460	17,500	17,500
Developer Note Principal & Interest			
Contingency	-	25,000	25,000
TOTAL EXPENDITURES	**319,912**	**627,650**	**441,275**
REVENUE OVER (UNDER) EXPEND.	0	(175,000)	0
OTHER SOURCES & (USES)			
Transfer from RSR Bond Issuance	-	-	0
Transfer from RSR DS Fund - Cap Oblig		-	0
Transfer from General or Enterprise Fund		175,000	
TOTAL OTHER SOURCES & (USES)	-	175,000	0
FUND BALANCE - BEGINNING	121	121	121
FUND BALANCE - ENDING	**121**	**121**	**121**
No assurance is provided on these financial statements and substantially all disclosures required	=		=
Balance Owed on 2001 Bonds	6,310,000	6,135,000	6,135,000
Balance Owed on Developer Note	3,961,554	3,961,554	3,961,554
Balance Owed on Developer Note Interest	5,048,761	5,286,454	5,524,147
Balance Owed on Plath Agreement	565,000		
Balance Owed on Water Rights ??	843,000		

HOLLAND CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALA
BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED
MODIFIED ACCRUAL BASIS

MODIFIED ACCRUAL BASIS

ENTERPRISE-WATER & WASTEWATER	2024 Audited Actual	Cal Year 2025 Forecast	2026 Prelim Budget
60 Homes - Res Service on-line Current Year	3	1	1
Tract AA - Res Service on-line Current Year	-	0	0
Residential Service On-line Cumulative	59	60	61
Residential Water User Fees (Average Annual)	3,584	3,885	4,002
Sanitary Sewer User Fee	1,435	1,261	1,299
Commercial SFE in use			
Residential SFE in use			
Water Operations			
Water Use Fee & Misc Revenues			
Water User Fees Commercial	53,342	58,985	61,344
Water User Fees Residential	211,465	271,452	283,597
Interest/ Late Fee Income	74,067	81,947	53,676
Telecom Room Lease Revenue	521	850	850
Total Water Operations Revenues	**339,396**	**413,234**	**399,468**
Water Operations Expenditures			
Administration (AmCoBi Water Billings)	3,963	4,597	4,781
Water - Engineering	25,736		
Water Lease - VA /Delivery fee	23,278	50,000	52,000
Water Operations - Plant Op VR	6,000	6,427	6,620
Water Operations - Plant Op WQCP	116,191	120,432	125,249
Water Operations Direct Expenses (Mostly Utilities)	27,463	30,000	30,900
Water System Repairs & Maintenance	24,016	30,000	31,200
Water System Tools, Spare Meters	-	12,000	12,000
Contingency	-	-	35,000
Total Water Operations Expenditures	226,647	253,456	297,750
Water Ops Revenues Over (Under) Expenditures	**112,749**	**159,778**	**101,718**
-			
Water Capital Revenues			
Water Tap Fees -Single Family	44,384	25,235	16,235
Water PIF Fees - Single Family	6,376	3,800	2,600
Water Tap Fees - Cluster Homes (lots 24-50)	-	-	0
Water PIF Fees - Cluster Homes	-	-	-
Transfer from RSR Bond Issuance or Capital Obligat	-		
Total Water Tap Fee Revenues	**50,760**	**29,035**	**18,835**
Water Capital Expenditures			
GAC Replacement	33,781	35,000	20,000
Membrane Skids	-	12,500	12,500
WTP Equipment	52,060	8,500	
Raw water Strainer replacement		70,000	
Compressor Replacement	-	-	20,000
SCADA System and Local HMI	6,503	37,000	
VFD Backwash pump #2			
Distribution pump (Rebuild)			
Membrane module replacement		48,000	
Membrane Filtration System Replacement			
Storage Tanks			
TTHM Removal System Tank #1			
Boster Pump Stations			10,000
Pump anticipation valves			
Replace Motor Soft Starts with VFD Drives			
Install valves that close when flooding is detected			
Booster station #2 - replace electrical lines		23,400	
Water Meter Upgrade			0
Water Plant building	-	-	0
Water Rights purchase	-	-	
VRDC Construction Management - Water	-	-	0
Total Water Capital Expenditures	92,344	234,400	62,500
Water Tap Fee/Capital Surplus (Deficit)	**(41,584)**	**(205,365)**	**(43,665)**
Water Revenues Over (Under) Expenditures	**71,165**	**(45,587)**	**58,053**

statements and substantially all disclosures required by GAAP have been omitted.

HOLLAND CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED
MODIFIED ACCRUAL BASIS

ENTERPRISE-WATER & WASTEWATER - con't	2024 Audited Actual	Cal Year 2025 Forecast	2026 Prelim Budget
Wastewater Operations			
Wastewater User Fee Revenues			
Sanitary Septic User Fee Commercial	31,259	34,509	35,544
Sanitary Septic User Fee Residential	84,674	80,745	83,975
Total Wastewater Ops Revenues	115,933	115,254	119,519
Wastewater Operating Expenditures			
Sanitary Septic - Operations labor (VR)	12,000	30,000	13,113
Sanitary Septic - Operations labor (WQCP)	-	-	0
Sanitary Septic - Operations labor (Altitude)	67,070	40,000	41,600
Sanitary Septic - Operations	12,670	13,878	14,433
Sanitary Septic - Repairs and Maintenance	15,674	16,224	20,000
Sanitary Septic - State Systems Maintenance	-	21,632	22,497
Sanitary Septic - Norman/Fazio Repairs	-	-	40,000
Sanitary Septic - Non Routine Expenditures	-	40,019	41,620
Contingency	-	-	35,000
Total Wastewater Operating Expenditures	107,413	161,753	228,263
Wastewater Ops Revenue Over (Under) Expend	8,520	(46,499)	(108,744)
Wastewater Capital			
Wastewater Tap Fees			
Wastewater Tap Fee Single Family	265,870	179,641	80,000
Wasewater Tap Fee Cluster Homes (lots 24-50)	-	-	
Total Wastewater Tap Fee Revenues	**265,870**	**179,641**	**80,000**
Wastewater Capital Expenditures			
Wastewater System Construction- Single Family	256,621	150,000	80,000
Wastewater System Construction- Cluster Homes	-	-	0
Construction Management - WW	-	-	
Allowance for Replacements		-	100,000
Other/Contingency	-	-	100,000
Total Wastewater Capital Expenditures	**256,621**	**150,000**	**280,000**
Wastewater Tap Fee/Capital Surplus (Deficit)	9,249	29,641	(200,000)
Wastewater Revenues Over (Under) Expenditures	17,769	(16,858)	(308,744)
OTHER SOURCES & (USES)			
Transfer from (to) General Fund	50,000	(225,000)	150,000
Transfer from (to) Capital Projects Fund	-		
Transfer from (to) DS Fund		-	
TOTAL OTHER SOURCES & (USES)	50,000	(225,000)	150,000
FUND BALANCE (PREPAID OBLIGATION RSR- BEGINN	1,682,116	1,821,050	1,533,606
FUND BALANCE (PREPAID OBLIGATION RSR)- ENDIN	**1,821,050**	**1,533,606**	**1,432,914**
statements and substantially all disclosures required by GAAP have been omitted.	=	=	=

Components of Fund Balance:			
Reserved for GAC Carbon Replacement	49,891	48,672	50,508
Reserved for Water Capital Replacements	1,433,129	1,145,684	1,044,993
Reserved for Waste Water Capital	-	-	
2015 Unspent Bond Funds	275,000	0	0
Unrestricted	63,030	339,249	337,413
Total	1,821,050	1,533,606	1,432,914

088 County Tax entity code DOLA LGID/SID 19073

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners[1] of Eagle County, Colorado.

On behalf of the Holland Creek Metropolitan District
(taxing entity)[A]

the Board of Directors
(governing body)[B]

of the Holland Creek Metropolitan District
(local government)[C]

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 59,980
(Gross[D] assessed valuation, Line 2 of the Certification of Valuation From DLG 57[E])

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 59,980
(NET[G] assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: *12/10/2025* for budget/fiscal year *2026* .
(not later than Dec 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	**LEVY**[2]		**REVENUE**[2]
1. General Operating Expenses[H]	45.000	mills	$ 2,699.10
2. **<Minus>** Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[I]	(0.000)	mills	$ -
SUBTOTAL FOR GENERAL OPERATING:	45.000	**mills**	$ 2,699.10
3. General Obligation Bonds and Interest[J]	0.000	mills	$ -
4. Contractual Obligations[K]	0.000	mills	$ -
5. Capital Expenditures[L]	0.000	mills	$ -
6. Refunds/Abatements[M]	0.000	mills	$ -
7. Other[N] (specify):	0.000	mills	$ -
	0.000	mills	$ -
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	45.000	**mills**	$ 2,699.10

Contact person: (print) Kenneth J. Marchetti Daytime phone: (970) 471-1750

Signed: KJMarchetti Title: District Administrator

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S. with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, Colorado 80203. Questions? Call DLG (303) 864-7720.

1 If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

2 Levies must be rounded to three decimal places and revenue must be calculated from the total *NET assessed valuation* (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

Holland Creek Metropolitan District

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenue to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS[J]:

1. Purpose of Issue: Finance construction, acquiring and equipping recreation facilities and refinance outstanding obligation.
   Series: Limited Tax General Obligation Series XXX
   Date of Issue: June 1, 2001
   Coupon rate: Variable
   Maturity Date: June 1, 2041
   Levy: 0.000
   Revenue: $0.00

2. Purpose of Issue: ______
   Series: ______
   Date of Issue: ______
   Coupon rate: ______
   Maturity Date: ______
   Levy: ______
   Revenue: ______

CONTRACTS[K]:

3. Purpose of Contract:
   Title:
   Date:
   Principal Amount:
   Maturity Date:
   Levy:
   Revenue:

4. Purpose of Contract: ______
   Title: ______
   Date: ______
   Principal Amount: ______
   Maturity Date: ______
   Levy: ______
   Revenue: ______

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

<u>EXHIBIT B</u>

2025 Audited Financial Statements

Holland Creek Metropolitan District

Financial Statements

December 31, 2025

Holland Creek Metropolitan District
Financial Statements
December 31, 2025

Table of Contents

M & A

McMahan and Associates, L.L.C.

Certified Public Accountants and Consultants

Web Site: www.McMahanCPA.com Main Office: (970) 845-8800

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Holland Creek Metropolitan District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of Holland Creek 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, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Holland Creek Metropolitan District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's 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 one year after the date that the financial statements are issued.

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

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis in section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Holland Creek Metropolitan District

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 individual fund budgetary comparisons found in Section E presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparisons found in Section E are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the Schedule of the History of Assessed Valuation, Mill Levy and Property Taxes Collected but 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 any form of assurance thereon.

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
April 3, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

Holland Creek Metropolitan District

Management's Discussion and Analysis
December 31, 2025

As management of Holland Creek Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also includes additional supplementary information after the notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, deferred inflows, liabilities, and deferred outflows with the difference between the amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the District is the installation and operation of the roadway system in the District. The business-type activities of the District include domestic water treatment and distribution and, installation and operation of septic systems.

The government-wide financial statements can be found on pages C1and C2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has three funds. The General Fund and the Debt Service Fund are governmental funds and the Water and Sewer Fund is a proprietary fund.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental funds financial statements are located on pages C3 through C5 of this report.

Overview of the Financial Statements (continued)

Proprietary funds. The District maintains a proprietary fund commonly known as an enterprise fund. An Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District, each of which is considered a major fund of the District.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report. The District also presents a budgetary comparison for its proprietary funds on page E2.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 – D20 of this report.

Government-wide Financial Analysis. The following tables show condensed financial information derived from the government-wide financial statements comparing the current year to the prior year.

Holland Creek Metropolitan District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets and Deferred Outflows:						
Current assets	1,919,811	2,079,214	1,563,769	1,823,559	3,483,580	3,902,773
Capital and other non-current assets	9,237,480	8,921,080	533,459	224,855	9,770,939	9,145,935
Total Assets and Deferred Outflows	11,157,291	11,000,294	2,097,228	2,048,414	13,254,519	13,048,708
Liabilities and Deferred Inflows:						
Current liabilities and deferred inflows	142,622	172,194	-	2,509	142,622	174,703
Long-term and other non-current liabilities	15,558,008	15,320,315		-	15,558,008	15,320,315
Total Liabilities and Deferred Inflows	15,700,630	15,492,509	-	2,509	15,700,630	15,495,018
Net Position:						
Net investment in capital assets	(9,914,997)	(9,863,872)	2,097,228	2,045,905	(7,817,769)	(7,817,967)
Restricted	545,321	358,228	-	-	545,321	358,228
Unrestricted	4,826,337	5,013,429	-	-	4,826,337	5,013,429
Total Net Position	(4,543,339)	(4,492,215)	2,097,228	2,045,905	(2,446,111)	(2,446,310)

Overview of the Financial Statements (continued)
Government-wide Financial Analysis (continued)

Holland Creek Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	-	-	441,837	382,159	441,837	382,159
Operating grants and contributions	871,760	850,271	-	-	871,760	850,271
Capital grants and contributions	661,612	558,429	209,044	316,629	870,656	875,058
General revenues:						
Property and other taxes	2,952	3,033	-	-	2,952	3,033
Interest and other revenue	88,202	118,627	69,838	73,169	158,040	191,796
Total Revenues	1,624,526	1,530,360	720,719	771,957	2,345,245	2,302,317
Expenses:						
General government	748,691	328,650	-	-	748,691	328,650
Public works	639,460	567,415	-	-	639,460	567,415
Intergovernmental agreement	-	-	(257,281)	138,934	(257,281)	138,934
Interest on long-term debt	512,499	536,145	-	-	512,499	536,145
Water and Sewer	-	-	701,677	709,186	701,677	709,186
Total Expenses	1,900,650	1,432,210	444,396	848,120	2,345,046	2,280,330
Change in Net Position before Transfers	(276,124)	98,150	276,323	(76,163)	199	21,987
Operating transfers	225,000	(50,000)	(225,000)	50,000	-	-
Change in Net Position	(51,124)	48,150	51,323	(26,163)	199	21,987
Net Position - Beginning	(4,492,215)	(4,540,365)	2,045,905	2,072,068	(2,446,310)	(2,468,297)
Net Position - Ending	(4,543,339)	(4,492,215)	2,097,228	2,045,905	(2,446,111)	(2,446,310)

The District is the "service district" in a dual district structure whereby the District has and continues to construct and operate the infrastructure for the Red Sky Ranch subdivision. The District has entered into a District Facilities Construction and Service Agreement with Red Sky Ranch Metropolitan District and pursuant to this agreement the District is obligated to construct and provide the initial financing for the primary infrastructure for the Red Sky Ranch area. Red Sky Ranch Metropolitan District is the "financing district" and as such, Red Sky Ranch Metropolitan District will ultimately pay a "capital obligation" to the District to pay the costs of public infrastructure as well as a "service obligation" for the costs of operating and maintaining the facilities that exceed the revenues generated by the infrastructure. The District will then use the capital obligation funds received from Red Sky Ranch Metropolitan District to pay off the District's debt.

The District's overall financial position, as measured by net position, increased by a total of $199. The District's revenues consisted primarily of intergovernmental agreement revenues from the increases in the service and capital obligations as well as Capital Improvement Fees received from Red Sky Ranch Metropolitan District as a pass thru of fees paid by Vail Resorts Development Co (VRDC). The VRDC Capital Improvement Fees were used to pay the interest expense and related fees on the District's debt. The Intergovernmental agreement revenues are being recorded as a decrease in the capital and service obligations owed to the District by Red Sky Ranch Metropolitan District. The primary expenses of the District are interest on the District's debt and the operations and depreciation of the District's fixed assets.

Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $1,777,189. Of this fund balance, $545,321 is **restricted**, meaning it is not available for new spending because it has already been either committed for emergencies under the Taxpayers' Bill of Rights (TABOR), for certain capital improvements or for impact fee payments related to construction of a fire facility. Another $50,968 of the fund balance is **non-spendable** since it has already been spent for 2026 expenditures; and $1,180,900 is **assigned** for future costs.

Proprietary funds. The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

As of the end of the current fiscal year, the District's proprietary fund reported an ending net position of $2,097,228, all of which is shown as Net Investment in Capital Assets. The reason for this is that like the Governmental Activities, all increases and decreases from the District's operations are recorded as being due from or to Red Sky Ranch Metropolitan District.

Budget variances. The District expenditures were primarily favorable to budget. Details can be seen on pages C6 and E1 of this report for governmental funds and page E2 for the Water and Sewer Fund.

Capital assets. The District's investment in capital assets government-wide, net of accumulated depreciation increased by $198 as a result of current year capital additions being more than current year depreciation expense. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement on pages D13 and D14 of this report.

Long-term debts. The District's long-term debts had a net increase of $237,693. The increase is due to the addition of accrued interest of $237,693 being added to the VR Holdings Inc. note. Additional information can be found in the Notes to the Financial Statement on pages D14 through D15 of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marchetti & Weaver LLC, 28 Second Street, Suite 213, Edwards, CO 81632 or you may call (970) 926-6060.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Holland Creek Metropolitan District
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	1,809,954	1,557,902	3,367,856
Accounts receivable - RSRMD			
(net of allowance of $0)	37,834	-	37,834
Accounts receivable - Other			
(net of allowance of $0)	18,356	5,867	24,223
Property tax receivable	2,699	-	2,699
Prepaid expenses	50,968	-	50,968
Net capital and service obligation			
receivable from (prepaid by) RSRMD			
(net of allowance of $5,230,496)	8,880,923	(1,563,769)	7,317,154
Capital assets, net	356,557	2,097,228	2,453,785
Total Assets	11,157,291	2,097,228	13,254,519
Liabilities:			
Accounts payable	139,923	-	139,923
Bonds payable	6,310,000	-	6,310,000
Note payable to VR Holdings, Inc.	3,961,554	-	3,961,554
Interest payable to VR Holdings, Inc.	5,286,454	-	5,286,454
Total Liabilities	15,697,931	-	15,697,931
Deferred Inflow of Resources:			
Unavailable property tax revenue	2,699	-	2,699
Total Deferred Inflow of Resources	2,699	-	2,699
Net Position (Deficit):			
Net investment in capital assets	(9,914,997)	2,097,228	(7,817,769)
Restricted for ERFPD	330,600	-	330,600
Restricted for emergencies	39,600	-	39,600
Restricted for debt service	175,121	-	175,121
Unrestricted	4,826,337	-	4,826,337
Total Net Position (Deficit)	(4,543,339)	2,097,228	(2,446,111)

The accompanying notes are an integral part of these financial statements.

Holland Creek Metropolitan District
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	748,691	-	-	-	(748,691)		(748,691)
Public works	639,460	-	186,239	-	(453,221)		(453,221)
Intergovernmental agreement	-	-	685,521	661,612	1,347,133		1,347,133
Interest expense	512,499	-	-	-	(512,499)		(512,499)
Total Governmental Activities	1,900,650	-	871,760	661,612	(367,278)		(367,278)
Business-type Activities:							
Water and sanitation	701,677	441,837	-	209,044		(50,796)	(50,796)
Intergovernmental agreement	(257,281)	-	-	-		257,281	257,281
Total Business-type Activities	444,396	441,837	-	209,044		206,485	206,485
Total	2,345,046	441,837	871,760	870,656	(367,278)	206,485	(160,793)
		General revenues:					
		Property and specific ownership tax			2,952	-	2,952
		Investment earnings			88,202	69,838	158,040
		Transfers			225,000	(225,000)	-
		Total General Revenues and Transfers			316,154	(155,162)	160,992
		Change in Net Position			(51,124)	51,323	199
		Net Position (Deficit) - Beginning			(4,492,215)	2,045,905	(2,446,310)
		Net Position (Deficit) - Ending			(4,543,339)	2,097,228	(2,446,111)

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Holland Creek Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2025

	General	Debt Service	Total Governmental Funds
Assets:			
Cash and investments	1,670,021	139,933	1,809,954
Accounts receivable - RSRMD			
(net of allowance of $0)	2,646	35,188	37,834
Accounts receivable - Other			
(net of allowance of $0)	18,356	-	18,356
Property tax receivable	2,699	-	2,699
Prepaid expenses	50,968	-	50,968
Total Assets	1,744,690	175,121	1,919,811
Liabilities, Deferred Inflow of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	139,923	-	139,923
Total Liabilities	139,923	-	139,923
Deferred Inflow of Resources:			
Unavailable property tax revenue	2,699	-	2,699
Total Deferred Inflow of Resources	2,699	-	2,699
Fund Balances:			
Nonspendable	50,968	-	50,968
Restricted for ERFPD	330,600	-	330,600
Restricted for emergencies	39,600	-	39,600
Restricted for debt service	-	175,121	175,121
Assigned - capital replacements	40,000	-	40,000
Assigned - Infrastructure Replacement	1,011,967	-	1,011,967
Assigned - Other	128,933	-	128,933
Unassigned	-	-	-
Total Fund Balances	1,602,068	175,121	1,777,189
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	1,744,690	175,121	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	356,557
Net amounts due from Red Sky Ranch Metropolitan District for capital and service costs are not currently available financial resources and, therefore, are not reported in the funds.	8,880,923
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(15,558,008)
Net Position of Governmental Activities	(4,543,339)

The accompanying notes are an integral part of these financial statements.

Holland Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General	Debt Service	Total Governmental Funds
Revenues:			
Property and specific ownership tax	2,952	-	2,952
RSRMD intergovernmental agreement	685,521	294,086	979,607
Investment income (loss)	88,202	-	88,202
RSRPOA and VR gatehouse contributions	179,549	-	179,549
Other revenues	6,690	-	6,690
Total Revenues	962,914	294,086	1,257,000
Expenditures:			
General government	729,411	19,280	748,691
Public works	588,334	-	588,334
Debt service	-	274,806	274,806
Total Expenditures	1,317,745	294,086	1,611,831
Excess (Deficiency) of Revenues Over Expenditures	(354,831)	-	(354,831)
Other Financing Sources (Uses):			
Transfers (to) from other funds	50,000	175,000	225,000
Total Other Financing Sources	50,000	175,000	225,000
Net Change in Fund Balances	(304,831)	175,000	(129,831)
Fund Balances - Beginning	1,906,899	121	1,907,020
Fund Balances - Ending	1,602,068	175,121	1,777,189

The accompanying notes are an integral part of these financial statements.

Holland Creek Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities
For the Year Ended December 31, 2025

Net Change in Fund Balances of Governmental Funds	(129,831)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year.	(51,125)
The net change in accrued interest at the end of the year is neither a source nor a use of current financial resources. As such, the change is not reported in the funds.	(237,693)
Changes in the amount of the capital and service obligation due from Red Sky Ranch Metropolitan District do not consume current financial resources and, therefore, are not reported in governmental funds.	
Other changes	367,525
Change in Net Position of Governmental Activities	(51,124)

The accompanying notes are an integral part of these financial statements.

Holland Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025
With Comparative Totals For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Property and specific ownership tax	2,855	2,855	2,952	97	3,033
RSRMD intergovernmental agreement	685,521	685,521	685,521	-	686,186
Interest	60,662	60,662	88,202	27,540	118,627
RSRPOA and VR Gatehouse Contributions	161,206	161,206	179,549	18,343	163,710
Other revenues	-	4,000	6,690	2,690	375
Total Revenues	910,244	914,244	962,914	48,670	971,931
Expenditures:					
General Government					
Accounting fees	86,326	90,000	94,295	(4,295)	112,269
Audit fees	8,950	8,950	8,950	-	9,000
Directors' fees	-	-	113	(113)	-
Elections	4,000	2,500	2,418	82	524
Insurance	47,296	48,269	48,269	-	43,441
Legal	105,000	114,000	96,546	17,454	140,450
Office overhead	2,199	2,899	3,736	(837)	1,419
Treasurer fees	87	87	84	3	87
Plath obligation	-	564,623	475,000	89,623	-
Contingency	50,000	-	-	-	-
Total General Government	303,858	831,328	729,411	101,917	307,190
Public Works					
Labor and equipment	84,183	84,183	46,709	37,474	57,723
Gatehouse operations	161,206	161,206	179,549	(18,343)	163,710
Weed and mosquito control	14,652	14,652	7,939	6,713	12,187
Repairs and maintenance	21,458	35,000	11,045	23,955	10,410
Fire mitigation	50,000	50,000	50,000	-	50,000
Road repair	285,126	359,715	293,092	66,623	204,633
Equipment purchases	-	-	-	-	111,038
Total Public Works	616,625	704,756	588,334	116,422	609,701
Total Expenditures	920,483	1,536,084	1,317,745	218,339	916,891
Excess (Deficiency) of Revenues Over Expenditures	(10,239)	(621,840)	(354,831)	267,009	55,040
Other Financing Sources (Uses):					
Transfers to other funds	(50,000)	225,000	50,000	(175,000)	(50,000)
Total Other Financing Sources	(50,000)	225,000	50,000	(175,000)	(50,000)
Net Change in Fund Balance	(60,239)	(396,840)	(304,831)	92,009	5,040
Fund Balance - Beginning	1,516,552	1,576,299	1,906,899	330,600	1,901,859
Fund Balance - Ending	1,456,313	1,179,459	1,602,068	422,609	1,906,899

The accompanying notes are an integral part of these financial statements.

Holland Creek Metropolitan District
Statement of Net Position
Proprietary Fund - Water and Sanitation Fund
December 31, 2025

Assets:	
Current Assets:	
Equity in pooled cash	1,557,902
Accounts receivable (net of allowance of $0)	5,867
Total Current Assets	1,563,769
Non-current Assets:	
Property, plant and equipment, net of accumulated depreciation	2,097,228
Total Non-current Assets	2,097,228
Total Assets	3,660,997
Non-current Liabilities:	
Prepayment of net capital and service obligation from RSRMD	1,563,769
Total Non-current Liabilities	1,563,769
Total Liabilities	1,563,769
Net Position:	
Investment in capital assets	2,097,228
Total Net Position	2,097,228

The accompanying notes are an integral part of these financial statements.

Holland Creek Metropolitan District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund - Water and Sanitation Fund
For the Year Ended December 31, 2025

Operating Revenues:	
Water and sewer fees	441,304
Lease revenue	533
Total Operating Revenues	441,837
Operating Expenses:	
Operations	240,809
Water lease	56,134
Repairs and maintenance	72,065
Depreciation	332,669
Total Operating Expenses	701,677
Operating (Loss)	(259,840)
Non-Operating Revenues (Expenses):	
Investment income	69,838
Change in net capital and service obligations prepaid by RSRMD	257,281
Total Non-Operating (Expenses)	327,119
(Loss) Before Contributions and Transfers	67,279
Contributions and Transfers:	
Tap and plant investment fees	209,044
Transfers in (out)	(225,000)
Total Contributions and Transfers	(15,956)
Change in Net Position	51,323
Net Position - Beginning	2,045,905
Net Position - Ending	2,097,228

The accompanying notes are an integral part of these financial statements.

Holland Creek Metropolitan District
Statement of Cash Flows
Proprietary Fund - Water and Sanitation Fund
For the Year Ended December 31, 2025

Cash Flows From Operating Activities:	
Cash received from customers and others	595,691
Cash paid for goods and services	(369,007)
Net Cash (Used) by Operating Activities	226,684
Cash Flows From Non-Capital Financing Activities:	
Transfer from (to) other fund	(225,000)
Net Cash Provided by Non-Capital Financing Activities	(225,000)
Cash Flows From Capital Financing Activities:	
Cash paid for capital acquisitions	(383,992)
Tap and plant investment fees received	209,044
Net Cash (Used) by Capital Financing Activities	(174,948)
Cash Flows From Investing Activities:	
Interest received	69,837
Net Cash Provided by Investing Activities	69,837
Net Change in Cash and Cash Equivalents	(103,427)
Cash and Cash Equivalents - Beginning of Year	1,661,329
Cash and Cash Equivalents - End of Year	1,557,902
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Operating (loss)	(259,840)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Decrease (increase) in accounts receivable	156,365
Increase (decrease) in unearned revenue	(2,510)
Depreciation expense	332,669
Total Adjustments	486,524
Net Cash (Used) by Operating Activities	226,684
Non-cash Investing, Capital, and Financing Transactions:	
Change in service and capital obligations	257,281
Total Non-cash Investing, Capital, and Financing Transactions	257,281

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

Holland Creek Metropolitan District (the "District") was organized on December 29, 2000, contemporaneously with the Red Sky Ranch Metropolitan District as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was formed primarily to finance, construct, operate, and maintain the basic public infrastructure for Red Sky Ranch Metropolitan District in an area of approximately 780 acres of land near Wolcott, Colorado.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District is governed by an elected Board which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts; net investment in capital assets; restricted; and unrestricted net position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

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

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, 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 governmental funds.

The District reports the following proprietary or business-type fund:

The *Water and Sanitation Fund* accounts for the activities of the District's water and sanitation operations. These operations include the purchase and delivery of water, and construction, maintenance and operation of the District's water and sanitation equipment.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at fair value or net asset value, depending on the investment (see Note IV.A.). The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents, and Investments (continued)

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. At December 31, 2025, the allowance on the Net Capital and Service Obligation Receivable is $5,230,496; all other receivables are considered to be collectible and no allowance is recorded.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with accounting principles generally accepted in the United States of America, the assessed but uncollected property taxes have been recorded as a receivable and deferred inflow of resources.

4. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements as well as the proprietary fund financial statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Capital Assets (continued)

Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Water, sewer, and storm systems	3-20
Infrastructure	15
Buildings	10-20
Equipment and vehicles	4-7

5. Long-term Capital and Service Obligations Receivable

Red Sky Ranch Metropolitan District ("Red Sky") is obligated under the District Facilities Construction and Service Agreement (Note V.B.) to reimburse the District over time for the cost of the infrastructure constructed (capital obligation) as well as operating and maintenance costs (service obligation) by the District. These items represent the portion of the obligations not yet been paid by Red Sky as of December 31, 2025.

6. Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

7. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District doesn't have any items that qualify for reporting in this category at December 31, 2025.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Deferred Outflows and Inflows of Resources (continued)

In addition to liabilities, the statement of net 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 only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

9. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District’s budget includes a calculation of a targeted reserve positions and management reports the targeted amount annually to Board of Directors.

I. Summary of Significant Accounting Policies (continued)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes a reconciliation between *fund balance – governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position.

One element of that reconciliation explains, "capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds." The details of this $356,557 difference are capital asset cost of $12,758,822 and accumulated depreciation of $12,402,265 as discussed in Note IV.B.

The second element of that reconciliation explains, "net amounts due from Red Sky Ranch Metropolitan District for capital and service costs are not currently available financial resources and, therefore, are not report in the funds." The details of this $8,880,923 difference are accounts receivable of $14,111,419 and an allowance for doubtful accounts of $5,230,496 as discussed in Note V.B.

Another element of that reconciliation explains, "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds."

The details of this negative $15,558,008 difference are as follows:

Bonds payable	6,310,000
Note payable to VR Holdings, Inc.	3,961,554
Interest payable to VR Holdings, Inc.	5,286,454
Total Long-term Liabilities	15,558,008

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of this reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense". The details of this $51,125 difference are capital outlay of $25,973 less $77,098 of depreciation expense.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Local Government Budget Law of Colorado. The budgets for the funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP"). The budget for the proprietary funds is adopted on a Non-GAAP budgetary basis and is reconciled to the GAAP basis below:

Net Change in Net Position - Non-GAAP Basis	(257,281)
Reconciliation to GAAP Basis:	
Capitalized expenses	383,992
Decrease (increase) in service and capital obligations	257,281
Depreciation	(332,669)
Total Adjustments	308,604
Net Change in Net Position - GAAP Basis	51,323

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2025:

(1) For the 2025 budget year, prior to August 25, 2024, the County Assessor sent to the District the certified assessed valuation of all taxable property within the District's boundaries and prior to December 10, 2024, the County Assessor sent the final recertified assessed valuation to the District.

(2) On or before October 15, 2024, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

(3) A public hearing on the proposed budget and capital program was held by the Board no later than 45 days prior to the close of the fiscal year.

(4) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

(5) For the 2025 budget, the final budget and appropriating resolution was adopted prior to December 31, 2024.

After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; c) it may approve emergency appropriations; and d) it may reduce appropriations for which originally estimated revenues are insufficient.

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved $39,600 which is the approximate required reserve at December 31, 2025.

On November 7, 2000, the District’s voters approved an increase in debt up to $89,993,047 for the acquisition, construction, or otherwise providing infrastructure and mosquito control. Voters also approved a related increase in taxes up to $100,792,210, annually, or by such lesser annual amount as may be necessary to pay the District’s debt. In addition, the District’s voters approved taxes to be increased $1,500,000 annually, or by such lesser amount as may be necessary to pay for the District’s operations, maintenance, and other expenses. All debt and tax increases constitute voter-approved revenue changes and are to be collected and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on all Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was $3,199,226 at year end.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2025, the District had the following recurring fair value measurements:

		Fair Value Measurement Using		
Investments Measured at Fair Value	**Total**	**Level 1**	**Level 2**	**Level 3**
Certificates of deposit	168,630	-	168,630	-
Investments Measured at Net Asset Value				
Colotrust	3,167,414			

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2025, the District's investments in Colotrust represented 95% of the District's investment portfolio.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District has invested primarily in COLOTRUST. Funds in COLOTRUST can be withdrawn without notice or penalty.

Credit Risk. The District's investment policy limits investments to those authorized by State statutes as listed in note I.D.1. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

The District had the following cash and investments with the following maturities:

	Standard & Poor's Rating	Carrying Amounts	Term to Maturity: Less than one year	Term to Maturity: One to five years
Deposits:				
Checking	Not rated	31,812	31,812	-
Investments:				
Certificates of deposit	Not rated	168,630	-	168,630
Investment pool	AAAm	3,167,414	3,167,414	-
		3,367,856	3,199,226	168,630

Financial Statement Captions:	
Cash and investments	3,367,856

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

The District had invested $3,167,414 in the Colorado Local Government Liquid Asset Trust (the “Trust”). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund, measured at net asset value, and each share is equal in value to $1.00. Investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

The District’s investment income for the year ended December 31, 2025 is summarized as follows:

Interest and dividend income	156,289
Unrealized gains (losses)	1,751
Net investment return	$ 158,040

B. Net Capital and Service Obligation Receivable from RSRMD

As set forth in more detail in Note V.B., on June 8, 2001 the District entered into District Facilities Construction and Service Agreement with Red Sky Ranch Metropolitan District (the “Financing District”) that generally provides the Financing District will pay to Holland Creek Metropolitan District (the “Service District”) over a period of years the costs of 1) the construction, acquisition, and equipping of certain public facilities and services (the “Facilities”), and 2) the operation and maintenance of the Facilities.

Under the Agreement, the Financing District owes the Service District $14,111,419 at December 31, 2025. However, due to a time limitation imposed by the Financing District’s November 7, 2000 Ballot Issue L to repay the obligation by 2030, the Financing District may not be able to fully fund the obligation through the issuance of bonds or property taxes. The Service District has therefore estimated an allowance for doubtful accounts in the amount of $5,230,496, resulting in a net capital and service obligation receivable of $8,880,923.

The estimated allowance for doubtful accounts is based on projections of bonds to be issued by the Financing District in 2024, 2026, 2028, and 2030, which are based on the Financing District’s projections of total annual assessed valuation amounts through 2030. The projected annual assessed valuation amounts are based on current assumptions and estimates through 2030 of the national, state and local economy remaining strong, stable municipal bond interest rates, stable real estate prices in the area, new construction within the Financing District’s boundaries, and residential appreciation at 8% biennially. Between 2007 and 2018, the Financing District’s assessed valuation ranged from a low of $13,128,370 in 2012 to a high of $25,807,622 in 2009. As this range indicates, there is a significant risk that the current projections, assumptions, estimated and actual assessed valuation amounts may vary from year to year, and that these variations may be material to the estimates of the allowance for doubtful accounts. The resulting variations in the allowance for doubtful accounts may also be material to the financial statements of the District from year to year until 2030.

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Vehicles and equipment	526,663	-	-	526,663
Buildings	773,087	-	-	773,087
Improvements	849,545	-	-	849,545
Infrastructure	10,583,554	25,973	-	10,609,527
Total capital assets being depreciated	12,732,849	25,973	-	12,758,822
Less accumulated depreciation for:				
Vehicles and equipment	(345,785)	(30,003)	-	(375,788)
Buildings	(713,935)	(16,630)	-	(730,565)
Improvements	(849,545)	-	-	(849,545)
Infrastructure	(10,415,902)	(30,465)	-	(10,446,367)
Total accumulated depreciation	(12,325,167)	(77,098)	-	(12,402,265)
Governmental Activities Capital Assets, Net	407,682	(51,125)	-	356,557

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Water rights	59,855	-	-	59,855
Total capital assets, not being depreciated	59,855	-	-	59,855
Capital assets, being depreciated:				
Water system and improvements	8,249,759	196,413	-	8,446,172
Sewer system and improvements	4,982,043	187,579	-	5,169,622
Total capital assets being depreciated	13,231,802	383,992	-	13,615,794
Less accumulated depreciation for:				
Water system and improvements	(7,825,785)	(108,089)	-	(7,933,874)
Sewer system and improvements	(3,419,967)	(224,580)	-	(3,644,547)
Total accumulated depreciation	(11,245,752)	(332,669)	-	(11,578,421)
Business-type Activities Capital Assets, Net	2,045,905	51,323	-	2,097,228

IV. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

The District had the following capital outlay, depreciation expense, and capital asset transfers for the following functions:

	Depreciation Expense	Capital Outlay
Governmental Activities:		
Public works, including infrastructure	77,098	25,973
Total - Governmental Activities	77,098	25,973
Business-type Activities:		
Water and sanitation	332,669	383,992
Total - Business-type Activities	332,669	383,992

D. Interfund Transfers

During 2025, $225,000 was transferred between funds for operations in the water and sanitation fund.

E. Long-term Debt

1. Series 2001 Variable Rate Revenue Bonds

On June 27, 2001 the District issued $12,000,000 of Variable Rate Revenue Bonds (the “Series 2001 bonds”) where the District pledged income derived from capital improvement fees to pay debt service. The Series 2001 bonds were issued to finance initial construction, operation and maintenance of municipal infrastructure. The bonds mature on June 1, 2041, and initially have a variable interest rate determined weekly by the designated remarketing agent.

Provisions of the bonds’ indenture agreement provide for conversion of the bonds from variable rates determined weekly to variable rates determined monthly or fixed rates, subject to certain conditions, on conversion dates specified in the indenture agreement. Interest is payable by the District on the first day of each calendar month while under variable, weekly or monthly, interest rates. Following conversion to fixed rates, interest becomes payable on June 1 and December 1 of each year.

The Series 2001 bonds are subject to optional tender at the election of a bond owner from the first adjustment date, during any period in which the Series 2001 bonds bear interest at a variable rate. The purchase of tendered Series 2001 bonds by the District must be made solely from the proceeds of the subsequent remarketing of such Series 2001 bonds and amounts realized under the letter of credit or any substitute credit facility as defined in the indenture.

The Series 2001 bonds are also subject to optional purchase by the District at face value plus accrued interest during any period in which the Series 2001 bonds bear interest at a variable rate. During any fixed rate period the bonds may be purchased at the option of the District at par value plus any premium as set forth in the indenture and accrued interest.

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

1. Series 2001 Variable Rate Revenue Bonds (continued)

The Bonds are secured by an irrevocable, direct pay letter of credit, issued by the Bank of America National Association (the "Bank") in the stated amount of $6,382,608. The letter of credit expires on August 31, 2026, unless extended by the Bank at its sole discretion.

The District's financial plan is for these bonds to be refunded through proceeds from general obligation bonds to be issued in the future by Red Sky Ranch Metropolitan District and conveyed to the District through capital improvement fees. There is no fixed amortization schedule for the bond redemption; therefore, no amortization schedule is presented.

2. Promissory Note Payable to VR Holdings, Inc.

On August 21, 2002, the District entered into a promissory note with VR Holdings, Inc. Proceeds from the note are to be used to fund construction costs over and above the proceeds from the Series 2001 Bonds previously discussed. Under the terms of the note, draw requests are issued by the District to the VR Holdings, Inc. as needed up to a maximum of $5,228,291. The note bears interest as to each loan advance at the rate of 6% per annum. All amounts advanced to the District by VR Holdings, Inc. under the note mature, with accrued interest, on December 31, 2032. The District may pay down the note balance and accrued interest any time prior to the maturity date.

At December 31, 2025, the District had drawn $3,961,554 on the note, the full amount of which, in addition to $5,286,454 of accrued interest, remained outstanding on that date.

The District had the following changes in debt for the year ended December 31, 2025.

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Governmental Activities Debt:					
Series 2001 revenue bonds	6,310,000	-	-	6,310,000	-
Promissory note	3,961,554	-	-	3,961,554	-
Interest payable on note	5,048,761	237,693	-	5,286,454	-
Total Long-term Debt	15,320,315	237,693	-	15,558,008	-

V. Other Information

A. Related Party Transactions

At December 31, 2025, five members of the District's Board of Directors are employees of Vail Resorts Development Company, Vail Resorts Management Company, or related entities.

In 2002, the District entered into an operations agreement with Vail Resorts Development Company ("VRDC"). Under this agreement, VRDC provides general operating services for the District. These services include snow removal, maintenance of roads, equipment, utility conduits, landscaping, and the provision of certain water operations services. During 2025, the District incurred costs of $301,007 under this agreement. At December 31, 2025, $79,374 of these costs remained outstanding and payable to VRDC.

On July 26, 2010 the District entered into an agreement with Vail Associates, Inc. ("VA") and Red Sky Ranch Association ("RSRPOA") related to the operations and maintenance of the Gate House. Under the agreement VA and RSRPOA will provide funding for the operations and maintenance costs incurred by the District for the Gate House.

The original agreement expired in 2020. On January 1, 2021 the District entered into an Amended and Restated Agreement with the same parties under similar terms which has an initial term of five years with automatic renewal for three successive five-year terms.

Under the indenture to the Series 2001 bonds discussed previously in Note IV, the Series 2001 bonds are secured by an irrevocable letter of credit. The Vail Corporation, doing business as Vail Associates, Inc., provided this letter of credit on behalf of the District. No agreement has been entered into between the District and the Vail Corporation regarding reimbursement by the District for any monies drawn on the letter of credit. During the year ended December 31, 2025, letter of credit fees totaling $105,224 were incurred by the Vail Corporation.

The District entered into a Special Warranty Deed and Agreement with Vail Associates Inc. on May 5, 2017 to complete the water rights purchase. The Agreement includes terms for the cost of pumping the water rights purchased. The District incurred pumping costs of $0 during the year ended December 31, 2025.

On July 1, 2018, the District entered into an agreement with Vail Associates, Inc., a corporation affiliated with the Developer, to lease certain water rights owned by VA. The lease agreement has a term of 1 year and four months, expiring October 31, 2019.

On October 17, 2019, November 1, 2020, November 1, 2021 and November 1, 2022 the District entered into supplemental agreements with VA to continue to lease the water rights owned by VA. The lease agreements have a term of one year and are subject to annual renewal. During the year ended December 31, 2025 the District incurred costs under the lease totaling $56,134.

It has been brought to the District's attention that additional water rights will be required to meet the developments future needs. The District is presently in the process of negotiating with Vail Associates the terms of such a water rights lease or acquisition.

V. Other Information (continued)

B. District Facilities Construction and Service Agreement

On June 8, 2001 the District entered into District Facilities Construction and Service Agreement with Red Sky Ranch Metropolitan District (the "Financing District") that generally provides the Financing District will pay to Holland Creek Metropolitan District (the "Service District") over a period of years the costs of 1) the construction, acquisition, and equipping of certain public facilities and services (the "Facilities"), and 2) the operation and maintenance of the Facilities. The Agreement states that the obligation to pay the amounts required there under is a general obligation debt of the Financing District subject to certain limitations, and as such the question of whether the Financing District should enter into and perform the Agreement was submitted at an election called for such purpose and held on November 7, 2000. The question was approved by the electorate. On May 3, 2010, the Districts entered into the First Amendment to District Facilities and Service Agreement to clarify definitions and descriptions regarding improvements and responsibilities of the Districts and to replace the outdated long-range plan.

Under the Agreement, the Financing District covenants to levy the taxes necessary, together with other available funds, to meet the payment obligations set forth in the Agreement.

In return for the payment of the monies required to be paid under the Agreement, the Service District agrees to 1) acquire, construct and equip the Facilities, 2) thereafter provide for their operation and maintenance, and 3) utilizing the Facilities, provide or have others provide to the property within, and the inhabitants of both districts, all related services (the "Services"), including but not limited to water and sanitation services, street maintenance, television services, parks and recreation services and mosquito control services, as well as certain administrative services.

As set forth in the Agreement, though the total obligation of the Financing District represented by the Agreement will be treated for financial disclosure purposes as a $36,382,378 debt obligation, the actual obligations to provide for the construction, acquisition and equipping of the Facilities, and for the provision of the above mentioned services, are classified as two separate obligations and each is contingent and limited to the extent that the Financing District is able to meet its obligations through certain limited means. In the case of the Facilities, except as provided below, in any given year the Financing District is obligated to fund its construction and acquisition only to the extent it would be capable of funding it through the issuance of general obligation debt in an aggregate principal amount not to exceed the greater of $2 million or 50% of the assessed value of the taxable property lying within the boundaries of the Financing District as they may, from time to time, be enlarged.

Such general obligation debt limitation is subject to automatic increase if applicable Colorado law increases the amount by which such debt may be issued. The Financing District has the option in any year to pay for the construction, acquisition and equipping costs of the Facilities on an annual basis pursuant to the provisions of the Agreement. Additionally, pursuant to an amendment of the agreement adopted on May 3, 2010 the Financing District is obligated to use its best efforts to issue bonds or other indebtedness at the earliest practicable date to pay for the construction acquisition and equipping costs of the Facilities.

V. Other Information (continued)

B. District Facilities Construction and Service Agreement (continued)

Similarly, in the case of the Services, in any given year the Financing District is obligated to fund its costs only to the extent it is capable of funding through tax revenues resulting from the certification by the Financing District against the assessed value of the taxable property lying within its boundaries, as such boundaries may from time to time be enlarged, to 49 mills.

To the extent that in any year the Financing District does not fund its obligations under the Agreement, the amounts not funded are carried forward as service and capital obligations in future years under the Agreement. In addition, the Service District may supplement the revenues from the Financing District through the imposition of fees against the properties and inhabitants of the Financing District for the services the Service District provides.

An allowance for doubtful accounts of $5,230,496 has been recorded at December 31, 2025 to provide for the possibility of the Financing District not being able to issue general obligation debt per limitations discussed above.

The Agreement may be terminated by either district upon one year's notice, provided that the Financing District may terminate the agreement only if, prior to the time of termination, all remaining payments and financial obligations set forth in the Agreement are paid to the Service District in full and upon the retirement of all outstanding debt of the service district. The Service District may terminate the Agreement only if, in the context of the termination, the Service District either 1) transfers to the Financing District, free and clear and in its entirety, its interest in the Facilities and in each and every one and all of the water rights, contracts, leases, easements, properties held in fee, and any other personal, real or intangible property then held or owned by the Service District and necessary for the continued provision of the Services, 2) makes the transfer to another governmental entity or entities pursuant to such terms and conditions for the continued provision of the Facilities and Services as may be satisfactory to the Board of Directors of the Financing District or, 3) in the event the Service District is dissolving in accordance with Colorado law, makes the transfer pursuant to such terms and conditions for the continued provision of the Facilities and Services as may be held in accordance with that law by an appropriate Colorado Court.

There are no payments, expenditures, or remaining restricted capital contributions under this agreement as of December 31, 2025.

C. Improvement Fee Agreement and Pledge Agreement

On June 8, 2001, Red Sky Ranch Metropolitan District entered into Improvement Fee and Reimbursement Agreement and a Pledge Agreement with Vail Resorts Development Company ("VRDC"). Pursuant to the Improvement Fee Agreement, in consideration of significant capital improvements to be provided by the District in Red Sky Ranch Metropolitan District with a portion of the proceeds of the Series 2001 bonds, and in order to maintain in the Red Sky Ranch Metropolitan District mill levies and other charges at levels required under the Facilities Agreement, VRDC has agreed to make certain limited payments ("Capital Improvement Fees") to Red Sky Ranch Metropolitan District.

V. Other Information (continued)

C. Improvement Fee Agreement and Pledge Agreement (continued)

The amount of Capital Improvement Fees payable by VRDC under this agreement may not exceed $10,000,000. Red Sky Ranch Metropolitan District is required under the Improvement Fee Agreement to submit each request received from the District for payment of the Capital Improvement Fees directly to VRDC promptly upon receipt of such request. The Improvement Fee Agreement may be terminated on the date of its tenth anniversary if certain conditions set forth therein have been satisfied. In addition, pursuant to the Pledge Agreement, Red Sky Ranch Metropolitan District has pledged, conveyed and assigned to the District all Capital Improvement Fees received by it or due to be paid to it under the Improvement Fee Agreement in order to effectuate the Improvement Fee Agreement. During the year ended December 31, 2025, the District invoiced Red Sky Ranch Metropolitan District $294,086 for capital improvement fees under this agreement.

D. Operations Agreements

On January 1, 2011, the District entered into an agreement with American Conservation Billing Co (“AmCoBi”). Under this agreement, AmCoBi will provide billing and administrative services related to the District’s water and wastewater operations. The agreement is subject to annual renewal.

On June 30, 2016, the District entered into an agreement with Water Quality Control Professionals, LLC (“WQCP”). Under this agreement, WQCP provides certain water operations and maintenance services. The agreement is subject to annual renewal. The District is billed monthly based on rates set forth in the agreement. For the year ended December 31, 2025, the District was billed $131,115 under this agreement.

E. Contingent Liability

Red Sky Ranch Metropolitan District (“RSRMD”) included several lots contiguous to the District into its boundaries pursuant to an agreement dated August 31, 2001 between Red Sy Ranch Metropolitan District and the owner of the lots. Under the agreement, infrastructure improvements constructed by the owner of the lots were conveyed to Holland Creek Metropolitan District in 2008. The agreement also requires the issuance of general obligation bonds, using best efforts, to reimburse the owner for cost of the improvements ($564,623) when the assessed valuation of the related lots reaches $2,600,000. The most recently available assessed value of these lots is $2,772,840. New bonds may only be issued with voter authorization and RSRMD’s voter authorization to issue new bonds has expired. RSRMD is currently seeking voter authorization to issue bonds but the outcome of the election is unknown at this time.

At the end of 2025, the District fully resolved the Plath dispute through a payment of $475,000.

V. Other Information (continued)

F. Risk Management (continued)

Colorado Special Districts Property and Liability Pool (continued)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance. The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to $1,000,000, except if the claim falls within the government immunity statute, then the coverage is $150,000 per person and a $600,000 aggregate claim. The Pool is reinsured for 80% of the first $250,000 of all claims and 100% for claims in excess of $250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage. A summary of audited statutory basis financial information for the Pool can be found here: https://www.csdpool.org/financials

SUPPLEMENTARY INFORMATION

Holland Creek Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2025
With Comparative Totals For the Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
RSRMD intergovernmental agreement	452,650	452,650	294,086	(158,564)	319,912
Total Revenues	452,650	452,650	294,086	(158,564)	319,912
Debt Service Expenditures:					
Bond interest	220,850	220,850	169,582	51,268	209,228
Bond principal	-	85,000	-	85,000	-
Letter of credit fees	189,300	189,300	105,224	84,076	89,224
Other debt service expenditures:					
Agent fees	17,500	17,500	19,280	(1,780)	21,460
Contingency	25,000	25,000	-	25,000	-
Total Debt Service Expenditures	452,650	537,650	294,086	243,564	319,912
Excess (Deficiency) of Revenues Over Expenditures	-	(85,000)	-	85,000	-
Other Financing Sources (Uses):					
Transfers from other funds	-	85,000	175,000	90,000	-
Total Other Financing Sources	-	85,000	175,000	90,000	-
Net Change in Fund Balance	-	-	175,000	175,000	-
Fund Balance - Beginning	121	121	121	-	121
Fund Balance - Ending	121	121	175,121	175,000	121

Holland Creek Metropolitan District
Schedule of Revenues, Expenditures and Transfers
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
Proprietary Fund Type - Water and Sanitation Fund
For the Year Ended December 31, 2025
With Comparative Totals For the Year Ended 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Water tap fees	36,327	29,035	29,035	-	50,760
Water fees	330,437	330,437	317,912	(12,525)	265,705
Sanitation fees	115,254	115,254	123,392	8,138	115,933
Sanitation tap fees	38,000	179,641	180,009	368	265,869
Investment revenue	62,981	81,947	69,838	(12,109)	73,169
Miscellaneous revenue	850	850	533	(317)	521
Total Revenues	583,849	737,164	720,719	(16,445)	771,957
Expenditures:					
Administration	4,597	4,597	4,799	(202)	3,963
Water operations	180,419	156,859	152,764	4,095	149,654
Water lease	50,000	50,000	56,134	(6,134)	23,278
Repairs and maintenance - Water	77,722	87,500	55,289	32,211	108,313
Sanitation operations	83,878	83,878	83,246	632	91,740
Repairs and maintenance - Sanitation	77,875	77,874	16,776	61,098	15,674
Capital outlay	305,400	338,900	383,992	(45,092)	290,401
Contingency	270,000	-	-	-	-
Total Expenditures	1,049,891	799,608	753,000	46,608	683,023
Excess of Revenues Over Expenditures	(466,042)	(62,444)	(32,281)	30,163	88,934
Transfers:					
Transfers in (out)	50,000	(310,000)	(225,000)	85,000	50,000
Total Transfers	50,000	(310,000)	(225,000)	85,000	50,000
Net Change in Net Position - Non-GAAP Basis	(416,042)	(372,444)	(257,281)	115,163	138,934
Reconciliation to GAAP Basis:					
Capitalized expenses			383,992		290,401
Decrease (increase) in service and capital obligations			257,281		(138,934)
Depreciation			(332,669)		(316,564)
Net Change in Net Position - GAAP Basis			51,323		(26,163)

Holland Creek Metropolitan District
History of Assessed Valuation, Mill Levy and Property Taxes Collected
December 31, 2025

Calendar Year Ended December 31	Prior Year Assessed Valuation For Current Year Property Tax Levy	All Funds Mills Levied	Property Taxes Total All Funds		Percent Collected to Levied
			Levied	Collected	
2002	31,480	45.00	1,417	1,416	100%
2003	44,220	45.00	1,990	1,990	100%
2004	36,090	45.00	1,624	1,624	100%
2005	37,920	45.00	1,706	1,706	100%
2006	44,220	45.00	1,990	1,990	100%
2007	44,220	45.00	1,990	1,990	100%
2008	44,220	45.00	1,990	2,814	141%
2009	44,220	45.00	1,990	1,990	100%
2010	44,220	45.00	1,990	1,990	100%
2011	44,220	45.00	1,990	1,990	100%
2012	44,220	45.00	1,990	1,990	100%
2013	44,220	45.00	1,990	1,990	100%
2014	44,220	45.00	1,990	1,990	100%
2015	44,220	45.00	1,990	1,990	100%
2016	44,220	45.00	1,990	1,990	100%
2017	44,220	45.00	1,990	1,990	100%
2018	44,220	45.00	1,990	1,990	100%
2019	44,220	45.00	1,990	1,990	100%
2020	64,430	45.00	2,899	2,899	100%
2021	64,430	45.00	2,899	2,899	100%
2022	64,430	45.00	2,899	2,899	100%
2023	64,430	45.00	2,899	2,899	100%
2024	61,990	45.00	2,790	2,790	100%
2025	59,980	45.00	2,699		

NOTE:

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