TRAILS METROPOLITAN DISTRICT

2025 ANNUAL REPORT

Pursuant to §32-1-207(3)(c) and the Service Plan for Trails Metropolitan District (the "**District**"), the District is required to provide an annual report to Douglas County with regard to the following matters:

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

Service Plan Requirements

I. District Description.

a. Board members, officers' titles, and terms.

Director	***Office***	***Term***
Thomas Clark	President	2029
Josh Brgoch	Assistant Secretary	2027
Dalton Horan	Director	2029
Darwin Horan	Treasurer	2029
Vacant		2027

b. Changes in board membership in past year.

Thomas Clark, Dalton Horan, and Darwin Horan were elected to 4-year terms beginning May 6, 2025. Bryan Horan resigned from the Board on September 9, 2025.

c. Name and address for official District contact.

Megan J. Murphy, Esq., Legal Counsel
WBA, P.C.
2154 E. Commons Ave., Ste. 2000, Centennial, CO 80122
mmurphy@wbapc.com
303-858-1800

Diane Wheeler, District Accountant
Simmons & Wheeler, P.C.
304 Inverness Way, S., Ste. 490, Englewood, CO 80112
diane@simmonswheeler.com
303-689-0833

d. Elections held in the past year.

The District adopted a Resolution Calling the May 6, 2025 Election. The May 6, 2025 election was subsequently cancelled as there were not more candidates than seats to be filled.

II. Boundary changes for the report year and proposed changes for the coming year.

There were no boundary changes made or proposed to the District's boundaries in 2025.

III. List of intergovernmental agreements (existing or proposed) and a brief description of each detailing the financial and service agreements.

a. *Contracts for operations, debt, and other contractual obligations with sub-districts or operating and taxing districts.*

None.

b. *Reimbursement agreements with developers and/or builders for advances to fund capital costs and administrative/operational and maintenance costs of the District.*

The District entered into a Facilities Funding and Acquisition Agreement with Trails, LLC ("Developer"), dated December 6, 2019, authorizing the Developer to advance funds to the District to fund capital costs and authorizing the District to reimburse the Developer when funds become available.

The District entered into a Reimbursement Agreement with Trails, LLC ("Developer") dated December 6, 2019 authorizing the Developer to advance funds to the District to fund administration, operation, and maintenance costs and authorizing the District to reimburse the Developer when funds become available.

IV. Service Plan.

a. *List and description of services authorized in Service Plan.*

The District shall have the power and authority to provide the public improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is permitted by this Service Plan and described in the Special District Act, C.R.S. Title 32, and other applicable statutes, common law, and the Colorado Constitution.

The District shall have the authority pursuant to C.R.S. §§ 32-1-1001 and 32-1-1004 to provide the following services and public improvements described in this section:

Service Authorized	Description
Water	• Finance, design, construct, acquire, install, maintain, and provide for potable water and irrigation water facilities and systems
Storm Sewer	• Finance, design, construct, acquire, install, maintain, and provide for flood and surface drainage improvements
Sanitation and Wastewater Treatment	• Finance, design, construct, acquire, install, maintain, assess tap or other facility fees,

	and provide for sanitary sewers and to transport wastewater to an appropriate wastewater facility
Street Improvements	• Finance, design, construct, acquire, install, maintain, and provide for local, arterial and collector streets and roadway improvements
Traffic Safety Protection	• Finance, design, construct, acquire, install, maintain, and provide for safety protection through traffic control devices and safety controls on streets, as well as such other facilities and improvements
Parks and Recreation	• Finance, design, construct, acquire, install, maintain, and provide for public park and public recreation centers and other recreation facilities, services, or programs
Television Relay and Translation	• Finance, design, construct, install, acquire, operate, and maintain television relay and translator facilities
Mosquito Control	• Finance, design, construct, acquire, install, operate, maintain, and provide for systems and methods for elimination and control of mosquitoes
Covenant Enforcement and Design Review	• Provide covenant enforcement and design review services subject to the limitations set forth in C.R.S. § 32- 1-1004(8)
Security	• Provide security services within the boundaries of the District, subject to the limitations set forth in C.R.S. § 32- 1-1004(7)

b. *List and description of facilities authorized in Service Plan.*

See response to a. above.

c. *List and description of any extraterritorial services, facilities, and agreements.*

There are no extraterritorial services, facilities, or agreements in the District as of December 31, 2025.

V. Development Progress.

a. *Indicate the estimated year of build-out, as set forth in the Service Plan.*

The District’s Service Plan estimates 100% build-out by 2023-2024. Build-out for all infrastructure is complete as of early 2026. All infrastructure was built by the homebuilder, Century Homes. Full build-out and sale of all houses is projected to be September 2029.

b. *List the services provided with the date service began compared to the date authorized by the Service Plan.*

No applicable as the District is still in the early stages of development. The District began providing maintenance of the open spaces in 2025.

c. *List changes made to the Service Plan, including when the change was authorized, when it was implemented or is expected to be implemented.*

There have been no changes made to the Service Plan since its approval on September 10, 2019.

d. *List facilities to be acquired or constructed or leased back as set forth in the Service Plan and compare the date of completion or operation with the date authorized by the Service Plan.*

Not appliable as the District is still in early stages of development am improvements are still being constructed. The District maintained ownership of the open spaces. The open space includes gravel and concrete trails and a dirt parking lot. The District did not acquire or lease any other improvements.

e. *List facilities not completed. Indicate the reason for incompletion and provide a revised schedule, if any.*

Grading and facilities are complete and approximately 90% of the public improvements have been constructed.

f. *List facilities currently under construction with the percentage complete and an anticipated date of completion.*

Component	Percent Complete	Expected/Final Completion Date
Grading	100.00	April 2026
Storm Improvements	100.00	April 2026
Water Improvements	100.00	April 2026
Sanitary Improvements	100.00	April 2026
Street Improvements	100.00	April 2026

g. *Indicate the population of the District for the previous five (5) years and provide population projections for the next five (5) years.*

Year	Estimated Population
2020	45
2021	225
2022	405
2023	417
2024	417
2025	417

2026	417
2027	417
2028	417
2029	417
2030	417

h. *List the planned number of housing units by type and the number of commercial and industrial properties with respective square footage and anticipated dates of completion/operation. Compare the completed units and completed commercial and industrial properties to the amount planned in the Service Plan.*

139 residential units were anticipated to be completed in 2024. The financial projection in the Service Plan anticipated the construction of 60 units in 2021. The District is still in the early stages of development. Due to changes in the market and the impact of COVID and interest rates, there has not been significant development as originally planned. It is believed that the construction schedule will shift forward with a delay in the estimated completion dates due to market conditions. As of December 31, 2025 the homebuilder has sold 63 of the 139 houses. All 139 houses are projected to be sold by September 2029.

i. *List any enterprises created by and/or operated by or on behalf of the District, and summarize the purpose of each.*

No enterprises have been created by and/or operated by or on behalf of the District.

VI. Financial Plan and Financial Activities

a. *Provide a copy of the audit or exemption from the audit for the reporting year.*

The 2025 Audit has not been completed and will be submitted as a supplemental to this report upon completion.

b. *Provide a copy of the budget, showing the reporting and previous years.*

The 2026 Budget is attached hereto as **Exhibit A**.

c. *Show revenues and expenditures of the District for the previous five (5) years and provide projections for the next five (5) years. Include any non-District or non-governmental financial support. Include and list individually all fees, rates, tolls, etc., with a summary of the purpose of each. Show other miscellaneous tax revenue, such as specific ownership taxes. For the same period, show actual and projected mill levies by purpose (showing mill levies for each individual general obligation, revenue-based obligation, or contractual obligation).*

Please refer to the attached 2026 Budget as stated above.

d. *List all debt that has been issued, including all individual issuances with a schedule of service until the debt is retired.*

The District issued $6,999,000 of Limited Tax General Obligation Bonds, Series 2021(3) on July 15, 2021 with a maturity date of December 1, 2051 at an interest rate of 5.0%. See **Exhibit A** for the debt service schedule.

e. *List individually all authorized but unissued debt, including the purpose, ballot issue letter designation and election date, and amounts authorized and unissued.*

Year Purpose	Ballot Issue	Election Date	Authorized Debt	Principal Amount Used by Series 2021(3) Bonds	Unissued Debt
Revenue	D	11-05-2019	$40,000,000		$40,000,000
Special Assessment	E	11-05-2019	$40,000,000		$40,000,000
Water	F	11-05-2019	$40,000,000	$1,184,564	$38,815,436
Sanitation	G	11-05-2019	$40,000,000	$1,529,691	$38,470,309
Streets	H	11-05-2019	$40,000,000	$3,137,907	$36,862,093
Traffic and Safety	I	11-05-2019	$40,000,000		$40,000,000
Parks and Recreation	J	11-05-2019	$40,000,000	$1,146,838	$38,853,162
Transportation	K	11-05-2019	$40,000,000		$40,000,000
Television Relay and Transportation	L	11-05-2019	$40,000,000		$40,000,000
Mosquito Control	M	11-05-2019	$40,000,000		$40,000,000
Security	N	11-05-2019	$40,000,000		$40,000,000
Fire Protection and Emergency Medical	O	11-05-2019	$40,000,000		$40,000,000
Operations and Maintenance	P	11-05-2019	$40,000,000		$40,000,000
Directional Drilling	Q	11-05-2019	$40,000,000		$40,000,000
Refunding	R	11-05-2019	$80,000,000		$80,000,000
Reimbursement Agreement	S	11-05-2019	$40,000,000		$40,000,000
Total			$680,000,000	$6,999,000	$673,001,000

f. *List the total amount of debt issued and outstanding as of the date of the annual report and compare to the maximum authorized debt level as set forth in the Service Plan.*

As of the end of the report year, the District has $6,999,000 in outstanding debt. The District's total debt authorization in the Service Plan is $14,000,000.

g. *Enterprises of the District.*

i. *Include revenues of the enterprise, showing both direct support from the District and all other sources.*

None.

ii. *Include expenses of the enterprise, showing both direct payments to the District and all other obligations.*

None.

h. *Detail contractual obligations.*

i. *Describe the type of obligation, current year dollar amount, and any changes in the payment schedule, e.g. balloon payments.*

None.

ii. *Report any inability of the District to pay current obligations that are due within the current budget year.*

None.

iii. *Describe any District financial obligations in default.*

None.

i. *Actual and Assessed Valuation history.*

i. *Report the annual actual and assessed valuation for the current year and for each of seven (7) years prior to the current year.*

The District was formed in 2019.
2020 – $3,550
2021 – $3,550
2022 – $3,700
2023 – $2,754,110
2024 – $6,735,020
2025 – $6,429,030

ii. *For each year, compare the certified assessed value with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the certified value.*

Year	Certified Assessed Valuation	Service Plan Estimate
2019	Not available	Not available
2020	$3,550	$0
2021	$3,550	$304,500
2022	$3,700	$1,983,765
2023	$2,754,110	$5,108,086
2024	$6,735,020	$7,391,499
2025	$6,429,030	$7,527,002

j. *Mill Levy History*

i. *Report the annual mill levy for the current year and for each of the seven (7) years prior to the current year. Break the mill levies out by purpose (e.g., debt issuance and operations and maintenance).*

Year	Mill Levy	Purpose
2019	0.000 0.000	General Operating General Obligation Bonds and Interest
2020	0.000 0.000	General Operating General Obligation Bonds and Interest
2021	10.000 50.000	General Operating General Obligation Bonds and Interest
2022	10.000 50.000	General Operating General Obligation Bonds and Interest
2023	10.000 50.000	General Operating General Obligation Bonds and Interest
2024	10.000 51.970	General Operating General Obligation Bonds and Interest
2025	10.000 52.476	General Operating General Obligation Bonds and Interest
2026	12.817 55.279	General Operating General Obligation Bonds and Interest

ii. *For each year, compare the actual mill levy with the Service Plan estimate for that year. If Service Plan estimates are not available, indicated the same and report the actual mill levies.*

Year	Actual DS	Service Plan DS	Actual O&M	Service Plan O&M
2019	0.000	50.000	0.000	10.000
2020	0.000	50.000	0.000	10.000
2021	50.000	50.000	10.000	10.000
2022	50.000	50.000	10.000	10.000
2023	50.000	50.000	10.000	10.000
2024	51.970	50.000	10.000	10.000
2025	52.476	50.000	10.000	10.000
2026	55.279	50.000	12.817	10.000

k. Miscellaneous Taxes History.

i. Report the annual miscellaneous tax revenues for the current year and for each of the seven (7) years prior to the current year. Break the tax revenue out by purpose (e.g., general operations, revenue-based obligations, debt by issue, contractual obligations, other).

N/A

ii. For each year, compare the actual miscellaneous tax revenue with the Service Plan estimate for that year (if provided in Plan). If the Service Plan estimates are not available, indicate the same and report the actual taxes.

N/A

l. Estimated Assessed Valuation of District at 100% build-out.

i. Provide an updated estimate and compare this with the Service Plan estimate.

The Service Plan estimates that value at full build-out as $16,241,439. An updated estimate of the valuation upon completion is $17,647,000.

m. Estimated Amount of Additional General Obligation Debt to be issued by the District between the end of current year and 100% build-out.

i. Provide an updated estimate based on current events. Do not include refunding bonds.

The District issued bonds in the amount of $6,999,000 in 2021. The District does not have any plans to issue additional debt at this time.

§32-1-207(3) Statutory Requirements

1. Boundary changes made.

There were no boundary changes made to the District's boundaries in 2025.

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

The District did not enter into or terminate any intergovernmental agreements in 2025.

3. Access information to obtain a copy of rules and regulations adopted by the board.

As of December 31, 2025, the District had not adopted any rules and regulations.

4. A summary of litigation involving public improvements owned by the District.

To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District's public improvements as of December 31, 2025.

5. The status of the construction of public improvements by the District.

As of December 31, 2025, approximately 90% of the public improvements had been constructed by the District.

6. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality.

As of December 31, 2025, approximately 75% of the facilities and improvements constructed by the Homebuilder had been conveyed or dedicated to the county.

7. The final assessed valuation of the District as of December 31st of the reporting year.

The final assessed valuation for 2025 is $6,429,030.

8. A copy of the current year's budget.

A copy of the 2026 Budget is attached hereto as **Exhibit A**.

9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

The 2025 Audit has not been completed and will be submitted as a supplemental to this report upon completion.

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.

To our actual knowledge, the District did not receive notice of any uncured events of default by the District, which continued beyond a ninety (90) day period, under any debt instrument.

11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.

To our actual knowledge, there was not any inability of the District to pay its obligations as they came due, in accordance with the terms of such obligations, which continued beyond a ninety (90) day period.

EXHIBIT A
2026 Budget

TRAILS METROPOLITAN DISTRICT
2026
BUDGET MESSAGE

Attached please find a copy of the adopted 2026 budget for the Trails Metropolitan District.

The Trails Metropolitan District has adopted a budget for three funds, a General Fund to provide for operating and maintenance expenditures; a Capital Projects Fund to provide for the improvements that are to be built for the benefit of the District and a Debt Service Fund to account for the repayment of principal and interest on the outstanding general obligation bonds.

The district's accountants have utilized the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications, and public hearing.

The primary sources of revenue for the district in 2026 will be specific ownership and property taxes from the imposition of a 68.096 mill levy on property within the district for 2026, of which 12.817 mills are dedicated to the General Fund and the balance of 55.279 mills will be allocated to the Debt Service Fund.

Trails Metropolitan District
Adopted Budget
General Fund
For the Year ended December 31, 2026

	Actual 2024	Adopted Budget 2025	Actual 6/30/2025	Estimate 2025	Adopted Budget 2026
Beginning fund balance	$ 47,320	$ 131,213	$ 100,822	$ 100,822	$ 138,324
Revenues:					
Property taxes	61,710	67,350	66,584	66,500	82,401
Specific ownership taxes	4,604	5,388	2,567	5,000	6,592
Miscellaneous Income	10,593	-	4,133	6,000	-
Developer advances	3,660	-	-	-	-
Total revenues	80,567	72,738	73,284	77,500	88,993
Total funds available	127,887	203,951	174,106	178,322	227,317
Expenditures:					
Accounting / audit	9,513	12,000	4,359	10,000	14,000
Audit	5,800	6,200	-	5,800	6,200
Legal	8,336	15,000	6,567	15,000	18,000
Engineering	-	-	-	-	-
Insurance/ SDA Dues	2,388	4,000	2,394	2,500	4,000
Directors fees	-	1,200	-	600	1,200
Open space trail maintenance/detention po	-	30,000	-	5,000	40,000
Miscellaneous	102	100	61	100	100
Treasurer's Fees	926	1,010	999	998	1,236
Contingency	-	132,356	-	-	140,039
Emergency Reserve	-	2,085	-	-	2,542
	-			-	
Total expenditures	27,065	203,951	14,380	39,998	227,317
Ending fund balance	$ 100,822	$ -	$ 159,726	$ 138,324	$ -
Assessed valuation		$ 6,735,020			$ 6,429,030
New growth					$ 1,170,670
					$ 5,258,360
Mill Levy		10.000			12.817

Trails Metropolitan District
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2026

	Actual 2024	Adopted Budget 2025	Actual 6/30/2025	Estimate 2025	Adopted Budget 2026
Beginning fund balance	$ 54,244	$ 49,394	$ 44,312	$ 44,312	$ 44,312
Revenues:					
Interest Income	84	606	-	-	-
Developer advance	-		-	-	-
Bond proceeds	-	-	-	-	-
Total revenues	84	606	-	-	-
Total funds available	54,328	50,000	44,312	44,312	44,312
Expenditures:					
Issuance costs	-	-	-	-	-
Engineering	10,016	-	-	-	-
Capital expenditures	-	50,000	-	-	44,312
Total expenditures	10,016	50,000	-	-	44,312
Ending fund balance	$ 44,312	$ -	$ 44,312	$ 44,312	$ -

Trails Metropolitan District
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2026

	Actual 2024	Adopted Budget 2025	Actual 6/30/2025	Estimate 2025	Adopted Budget 2026
Beginning fund balance	$ 34,720	$ 32,964	$ 11,690	$ 11,690	$ 395
Revenues:					
Property taxes	320,709	353,427	349,406	353,000	355,390
Specific ownership taxes	23,923	21,206	13,470	26,000	21,323
Interest income	6,827	-	889	1,000	-
Total revenues	351,459	374,633	363,765	380,000	376,713
Total funds available	386,179	407,597	375,455	391,690	377,108
Expenditures:					
Bond interest expense	369,678	395,296	-	379,000	364,777
Bond principal	-	-	-	-	-
Treasurer's fees	4,811	5,301	5,243	5,295	5,331
Trustee / paying agent fees	-	7,000	3,500	7,000	7,000
Total expenditures	374,489	407,597	8,743	391,295	377,108
Ending fund balance	$ 11,690	$ -	$ 366,712	$ 395	$ -
Assessed valuation		$ 6,735,020			$ 6,429,030
Mill Levy		52.476			55.279
Total Mill Levy		62.476			68.096