Baseline Metropolitan District No. 1
Broomfield, Colorado

Financial Statements and
Supplementary Information
Year ended December 31, 2025

Clinger Hagerman

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Clinger Hagerman

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Baseline Metropolitan District No. 1
Broomfield, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Baseline Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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.

Emphasis of Matter – Correction of an Error

As discussed in Note 11 to the financial statements, the District identified an error in previously issued financial statements related to deferred outflows of resources with respect to a prior period bond refunding. As a result, beginning net position of governmental activities has been restated to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – General Fund 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying budgetary comparison schedule – Debt Service Fund and budgetary comparison schedule – Capital Projects Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the budgetary comparison schedule – Debt Service Fund and budgetary comparison schedule – Capital Projects Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Clinger Hagerman, LLC

Laramie, Wyoming
September 30, 2026

1050 N. 3rd Street, Suite O
Laramie, Wyoming 82072

Basic Financial Statements

Baseline Metropolitan District No. 1
Statement of Net Position
December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 3,324,759
Cash and investments- restricted	33,298,088
Property taxes receivable	50
Receivable from county treasurer	108,488
Service fee receivable	15,759
Prepaid items	25,082
Capital assets, not depreciated	80,683,916
Capital assets, depreciated, net	13,506,333
Total Assets	130,962,475
DEFERRED OUTFLOWS OF RESOURCES	
Loss on debt refunding, net of accumulated amortization	1,359,600
Total Deferred Outflows of Resources	1,359,600
LIABILITIES	
Accounts payable	5,727,552
Accrued interest - bonds	2,664,490
Non-current liabilities:	
Due within one year	2,785,000
Due in more than one year	149,495,316
Total Liabilities	160,672,358
NET POSITION	
Net investment in capital assets	(38,284,681)
Restricted for:	
Emergency	54,575
Debt service	6,705,616
Unrestricted	3,174,207
Total Net Position	$ (28,350,283)

Baseline Metropolitan District No. 1
Statement of Activities
Year Ended December 31, 2025

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Primary Government
Primary Government					
Governmental Activities:					
General government	$ 1,788,102	$ 260,350	$ -	$ -	$ (1,527,752)
Interest on long-term debt	7,476,561	-	-	-	(7,476,561)
Dedication of infrastructure	5,616,949	-	-	327,628	(5,289,321)
Total Governmental Activities	14,881,612	260,350	-	327,628	(14,293,634)
Total Primary Government	$ 14,881,612	$ 260,350	$ -	$ 327,628	(14,293,634)
	General revenues				
	Tax increment revenues				18,016,251
	Use taxes				218,534
	Service expansion (SE) fees				50,194
	Net investment income				1,761,838
	Total General revenues				20,046,817
	Change in Net Position				5,753,183
	Net Position, beginning of year, as previously reported				(35,515,358)
	Error correction				1,411,892
	Net Position, beginning of year, as restated				(34,103,466)
	Net Position, end of year				$ (28,350,283)

Baseline Metropolitan District No. 1
Balance Sheet – Governmental Funds
December 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments	$ 3,324,759	$ -	$ -	$ 3,324,759
Cash and investments - restricted	-	9,245,859	24,052,229	33,298,088
Receivables:				
Accounts receivable	50	-	-	50
Receivable from county treasurer	-	108,488	-	108,488
Service fee receivable	-	15,759	-	15,759
Prepaid items	25,082	-	-	25,082
Total Assets	$ 3,349,891	$ 9,370,106	$ 24,052,229	$ 36,772,226
LIABILITIES				
Accounts payable	$ 121,106	$ -	$ 5,606,446	$ 5,727,552
Total Liabilities	121,106	-	5,606,446	5,727,552
FUND BALANCES				
Nonspendable	25,082	-	-	25,082
Restricted:				
Emergency reserves	54,575	-	-	54,575
Debt service	-	9,370,106	-	9,370,106
Capital projects	-	-	18,445,783	18,445,783
Unassigned	3,149,128	-	-	3,149,128
Total Fund Balances	3,228,785	9,370,106	18,445,783	31,044,674
Total Liabilities and Fund Balances	$ 3,349,891	$ 9,370,106	$ 24,052,229	$ 36,772,226

Baseline Metropolitan District No. 1
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
December 31, 2025

Fund balances - total governmental funds	$ 31,044,674
Amounts reported for the governmental activities in the Statement of Net Position are different for the following reasons:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	94,190,249
Long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the governmental funds.	
Bonds payable	(145,125,000)
Developer advances	(331,118)
Accrued interest- bonds	(2,664,490)
Loss on debt refunding, net	1,359,600
Unamortized premium on bonds, net	(6,824,198)
Net position of governmental activities	$ (28,350,283)

Baseline Metropolitan District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Service fees	$ 11	$ 260,239	$ -	$ 260,250
Tax increment revenues	1,335,436	16,680,815	-	18,016,251
Use taxes	-	218,534	-	218,534
SE fees	-	50,194	-	50,194
Miscellaneous income	100	-	-	100
Interest income	483,610	579,014	699,214	1,761,838
Total revenues	1,819,157	17,788,796	699,214	20,307,167
Expenditures				
General government	1,045,559	-	384,973	1,430,532
Debt service				
Principal	-	7,985,000	-	7,985,000
Interest and fiscal charges	-	5,977,686	-	5,977,686
Capital outlay	-	-	28,214,553	28,214,553
Total expenditures	1,045,559	13,962,686	28,599,526	43,607,771
Excess Revenues Over (Under) Expenditures	773,598	3,826,110	(27,900,312)	(23,300,604)
Other Financing Sources (Uses)				
Capital reimbursements	-	-	327,628	327,628
Transfers in (out)	-	(9,056,030)	9,056,030	-
Total other financing sources (uses)	-	(9,056,030)	9,383,658	327,628
Net Change in Fund Balance	773,598	(5,229,920)	(18,516,654)	(22,972,976)
Fund Balance, beginning of year	2,455,187	14,600,026	36,962,437	54,017,650
Fund Balance, end of year	$ 3,228,785	$ 9,370,106	$ 18,445,783	$ 31,044,674

See accompanying independent auditor's report and notes to financial statements.

Baseline Metropolitan District No. 1
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
Year Ended December 31, 2025

Net change in fund balances - total governmental funds	$ (22,972,976)
Amounts reported for governmental activities in the Statement of Activities are different for the following reasons:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is recognized through depreciation or amortization over the asset's estimated useful life.	
Expenditures for capital assets	28,214,553
Dedication of capital assets	(5,616,950)
Depreciation expense	(357,569)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Premiums on debt issuance are recognized as a current resource at issuance in governmental funds but are amortized over the life of the debt.	
Amortization of premiums	235,317
Repayment of long-term debt	7,985,000
Some expenses reported in the Statement of Activities do not require current financial resources and are not reported as expenditures in governmental funds.	
Change in accrued interest payable on bonds	(1,681,900)
Amortization of loss on debt refunding	(52,292)
Change in net position governmental activities	$ 5,753,183

Note 1 – Definition of Reporting Entity

Baseline Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, organized pursuant to the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was formed to provide construction, installation, financing and operation of public improvements. Specifically, the activities include providing streets, traffic and safety control, water and sanitation and other services in order to benefit the public. In prior years the District was known as North Park Metropolitan District No. 1. The name was changed in 2019.

The District is governed by an elected Board of Directors.

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

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The District follows GASB guidance in determining the financial reporting entity. Under GASB standards, legally separate organizations are included within the reporting entity if the District is financially accountable for those organizations or if the nature and significance of the relationship is such that exclusion would cause the financial statements to be misleading or incomplete.

Based upon the application of the criteria established by GASB, the District has determined that no legally separate organizations should be included as component units of the District. The District is not a component unit of any other governmental entity.

Note 2 – Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the governmental activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes, specific ownership taxes, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not report any business-type activities.

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are

recognized when incurred, regardless of the timing of related cash flows. TIF revenues and specific ownership taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of year-end.

TIF revenues, specific ownership taxes, interest revenue, and certain intergovernmental revenues associated with the current fiscal period are considered susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. All other revenue items are recognized when cash is received because they are generally not measurable until actually received. Developer advances are not considered revenues of the District.

Expenditures generally are recognized when the related liability is incurred. However, principal and interest on long-term debt are recognized as expenditures only when payment is due.

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund and accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term debt.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other assets.

Budgets and Budgetary Accounting
In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Fair Value of Financial Instruments
The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Cash and investments
Cash includes demand deposits, savings accounts, and other highly liquid investments with maturities of three months or less from the date of acquisition. Certain cash and investments are restricted pursuant to the Indenture of Trust and Pledge related to the District's debt. Restricted amounts are held by the Trustee and may be used only for debt service purposes as provided in the bond documents.

Prepaid items
Payments made to vendors for services that will benefit future periods are recorded as prepaid items. An expenditure is reported in the year in which the services were consumed.

Capital assets
Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the estimated useful lives between fifteen and thirty years.

Long-Term Obligations
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the related debt using the straight-line method. Management has determined that this method is not materially different from the effective interest method.

In the governmental fund financial statements, proceeds from the issuance of long-term debt are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Principal and interest payments are reported as debt service expenditures when due. Long-term debt is not reported as a liability in the governmental fund financial statements because those statements are prepared using the current financial resources measurement focus.

Deferred Outflows/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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports a deferred loss on refunding of debt as a deferred outflow of resources.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports no deferred inflows of resources.

Net Position and Fund Balance Classifications
Government-wide Statements

Net position is displayed in three components:

Net investment in capital assets—Capital assets, net of accumulated depreciation, plus capital related deferred outflows of resources reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position —Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — Residual net position that does not meet the definition of "restricted net position" or "net investment in capital assets."

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

Fund Statements
The residual amount remaining after liabilities and deferred inflows of resources are subtracted from the sum of assets and deferred outflows of resources is called fund balance. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* fund balance is classified into five components: nonspendable, restricted, committed, assigned, and unassigned. Definitions are presented below:

Nonspendable Fund Balance – This classification reflects the portion of net resources that is inherently nonspendable because of its form or because it must be maintained intact.

Restricted Fund Balance – The portion of fund balance for which there are legally enforceable restrictions on use, either by limitations imposed 1) by creditors, grantors, contributors, or laws and regulations of other governments or 2) by laws through constitutional provisions or enabling legislation.

Committed Fund Balance – The portion of net resources for which there are self-imposed limitations enacted by the District that 1) require formal action at the same level to remove and 2) are set in place prior to the end of the period. Fund balance commitments are established, modified, or rescinded through a resolution enacted by the Board of Directors in accordance with Colorado law. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of net resources after nonspendable, restricted, committed, and assigned amounts have been determined in the General Fund. No other funds report unassigned fund balance, unless expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, resulting in a negative unassigned fund balance value.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources – first committed, then assigned and unassigned.

Revenues, Expenditures and Expenses
Tax Increment Financing Revenues
The District receives property and sales tax increment revenues under the Third North Park PUD Amended and Restated Managed Growth and Development Agreement with the City and County of Broomfield and the Broomfield Urban Renewal Authority. These revenues include specified tax increments within the North Park and Baseline urban renewal areas, including property tax increments generated by Baseline Metropolitan District Nos. 2 through 9. Subject to applicable administrative fees and revenue-sharing requirements, debt service increments are pledged to eligible public improvements and related bond obligations, while operations mill levy increments are transferred to the District for operating and maintenance expenses.

Tax increment revenues are recognized in the government-wide financial statements when the District's entitlement is established and applicable recognition requirements are satisfied, and in the governmental fund financial statements when measurable and available.

Use of Estimates
Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Recently Adopted Accounting Pronouncements
GASB Statement No. 102, *Certain Risk Disclosures*, was implemented by the District for the fiscal year ended December 31, 2025. Management determined that no concentrations or constraints requiring disclosure were present; therefore, implementation had no impact on the District's financial statements and no additional disclosures were required.

Subsequent Events
Management has evaluated subsequent events through September 30, 2026, the date the financial statements were available to be issued. Based on this evaluation, no events occurred that require recognition or disclosure in the accompanying financial statements.

Note 3 – Cash and Investments

The District's cash and investments as of December 31, 2025 consist of the following:

Cash and Investment Type	
Deposits	$ 291,618
Funds in escrow	7,272,209
Colorado Liquid Asset Trust (COLOTRUST)	29,059,020
Total cash and investments	$ 36,622,847
Cash and investments	$ 3,324,759
Cash and investments - restricted	33,298,088
Total cash and investments	$ 36,622,847

Deposits with Financial Institutions
The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2025, the District had $41,618 of deposits in excess of FDIC limits.

Investments
The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District generally limits its investments to those which are believed to have minimal interest rate risk and no foreign currency risk. Additionally, the district is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

At December 31, 2025, the District's investment consisted entirely of an investment in the Colorado Local Government Liquid Asset Trust (COLOTRUST) totaling $29,059,020.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust, 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 COLOTRUST. COLOTRUST offers shares in two portfolios, COLOTRUST Prime and COLOTRUST Plus. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST Plus may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for COLOTRUST's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. COLOTRUST is rated AAAm by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. As of December 31, 2025, the District has $29,059,020 invested in COLOTRUST.

Fair Value Measurement and Application

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's investments are not required to be categorized within the fair value hierarchy. The District values its investment in COLOTRUST using the net asset value method (NAV) per share.

Note 4 – Capital Assets

Capital assets activity for the year ended December 31, 2025, is summarized below:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Capital Assets, Not Being Depreciated				
Construction in progress	$ 59,857,901	$ 28,214,553	$ 7,388,537	$ 80,683,917
Total Capital Assets, Not Being Depreciated	59,857,901	28,214,553	7,388,537	80,683,917
Capital Assets, Being Depreciated				
Landscaping	11,912,623	1,771,588	-	13,684,211
Infrastructure	710,240	-	-	710,240
Sewer	153,933	-	-	153,933
Less: accumulated depreciation	(684,483)	(357,569)	-	(1,042,052)
Total Capital Assets, Being Depreciated, Net	12,092,313	1,414,019	-	13,506,332
Total Capital Assets	$ 71,950,214	$ 29,628,572	$ 7,388,537	$ 94,190,249

Note 5 – Long-term Debt

The following is a summary of the changes in long-term debt of the District for the year ended December 31, 2025:

	Balance December 31, 2024	Additions	Reductions	Balance December 31, 2025	Due Within One Year
Governmental Activities					
Special Revenue Bonds					
2024A Bonds	$ 126,860,000	$ -	$ 7,985,000	$ 118,875,000	$ 2,785,000
2024B Bonds	26,250,000	-	-	26,250,000	-
Unamortized premium - 2024A Bonds	7,059,515	-	235,317	6,824,198	-
	$ 160,169,515	$ -	$ 8,220,317	$ 151,949,198	$ 2,785,000
Developer Advances					
Capital - Principal	331,118	-	-	331,118	-
	331,118	-	-	331,118	-
Total Governmental Activities Long-term Liabilities	$ 160,500,633	$ -	$ 8,220,317	$ 152,280,316	$ 2,785,000

Special Revenue Bonds

The District has issued the following special revenue bonds and reimbursement obligations:

Series 2024A and 2024B Bonds
On October 3, 2024, the District issued Special Revenue Refunding and Improvement Bonds, Series 2024A and Subordinate Special Revenue Bonds Series 2024B in the amounts of $132,955,000 and $26,250,000, respectively. The 2024A and 2024B Bonds are secured and payable solely from the senior pledged revenue and subordinated pledged revenue, as applicable. These revenues consist of amounts payable by the Financing Districts (Baseline Metro Districts 2,3, and 4) to the District pursuant to the terms of the Capital Pledge Agreement, including revenues generated by the Financing Districts' required mill levy and specific ownership tax generated by the imposition of such required mill levy. These also consist of all amounts payable by the Authority (Broomfield Urban Renewal Authority) or the City (City and County of Broomfield) to the District pursuant to the MGDA consisting of (i) pledged property tax increment revenue generated within the boundaries of the Financing Districts; and (iii) the use tax revenue generated from all subject transactions on property within the boundaries of the Financing Districts, and any other legally available funds which the District determines at its discretion, to credit to the bonds or any additional revenues pledged in the future.

The 2024A Bonds carry an interest rate ranging from 4.00% - 5.00% and the 2024B Bonds carry an interest rate of 6.75%. Interest payments on the 2024A Bonds are due semi-annually on June 1 and December 1. Principal payments on the 2024A Bonds are due annually on December 1 beginning on December 1, 2024. These bonds mature in December 2054. Interest payments on the 2024B Bonds are due annually on December 15, beginning December 15, 2024. Principal payments on the 2024B Bonds are forecasted to begin on December 15 beginning on December 15, 2031. The 2024B Bonds are cash flow bonds and there is no principal payment schedule.

Developer Advances

Developer Advances - Capital
On May 5, 2012, the District and McWhinney CCOB Land Investments, Inc. (MCLI) entered into a 2012 Advance and Reimbursement Agreement to provide financing for the construction of public infrastructure within and without the District's boundaries for public infrastructure that is not financed by the Second North PUD Amended and Restated Managed Growth and Development Agreement as amended from time to time. MCLI will advance funds in an amount not to exceed $500,000. The District issued a note to MCLI to evidence the District's repayment obligation. The note does not bear interest and matures on May 4, 2052. As of December 31, 2025, the District owed MCLI $331,118 pursuant to the Note.

On November 7, 2024, the District entered into an Improvement Acquisition, Advance and Reimbursement Agreement with NP Development, Inc (NPD), to provide for the advancement of funds to the District to pay costs associated with the District's construction of public infrastructure within and without the District's boundaries and for the acquisition of public improvements by the District from NPD. On November 6, 2025, this agreement was amended to issue a new subordinate note to NPD and increase the maximum principal amount of advances to $26,000,000. The note bears interest at 2% plus the current Federal Reserve Prime Rate, or at the rate of 6%, whichever rate is greater. The maturity date is November 6, 2064. As of December 31, 2025, the District has no liability related to this agreement.

Authorized Debt
As of December 31, 2025, the amount of debt authorized but unissued was $11,792,000,000. The District intends to issue over time a part or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

Annual Debt Service Requirements
The annual requirements to amortize the outstanding bonds as of December 31, 2025 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2026	$ 9,260,000	$ 5,572,938	$ 14,832,938
2027	10,040,000	5,191,226	15,231,226
2028	8,560,000	4,715,962	13,275,962
2029	6,725,000	6,114,707	12,839,707
2030	5,815,000	8,174,067	13,989,067
2031-2035	35,914,000	31,475,299	67,389,299
2036-2040	14,843,000	16,803,987	31,646,987
2041-2045	20,339,000	12,846,404	33,185,404
2046-2050	22,759,000	7,900,990	30,659,990
2051-2053	10,870,000	1,277,640	12,147,640
Total	$145,125,000	$100,073,220	$245,198,220

The 2026 principal requirements presented in the debt service schedule include the mandatory sinking fund requirement of $2,785,000 and estimated turbo redemptions of the 2054 Term Bonds. Because turbo redemptions are dependent upon available funds and are not fixed obligations, only the mandatory sinking fund requirement of $2,785,000 is classified as the current portion of bonds payable at December 31, 2025.

The debt service requirements presented above include estimated principal and interest payments on the District's 2024B Cash Flow Bonds based on the estimated payment schedule provided in the bond documents. Because payments on the 2024B Bonds are dependent upon the availability of pledged revenues, the timing and amount of actual debt service payments may differ from the amounts presented above.

Note 6 – District Agreements

Third North PUD Managed Growth and Development Agreement
On April 13, 2021, the District, together with Baseline Metropolitan District No. 2, Baseline Metropolitan District No. 3, Baseline Metropolitan District No. 4, the City and County of Broomfield (City), Broomfield Urban Renewal Authority (BURA), MCLI, and Realberry Real Estate Services, LLC. (RRES) entered into a Third North PUD Amended and Restated Managed Growth and Development Agreement (MGDA), which replaced the Second MGDA in its entirety, for the purpose of providing terms and conditions for the construction and financing of certain public improvements by the District, the City, BURA and MRES within the boundaries of Baseline Metropolitan District Nos. 1 – 9 (the Districts).

Under the terms of the MGDA, certain "Pledged Revenue" produced on a portion of the property in the Districts, including the imposition of and collection of revenue from a lodging tax, property tax increment, certain recovered amounts, sales tax increment, fifty percent (50%) of the City services expansion fee revenue charged and collected by the City and use tax, is pledged to the payment of eligible costs incurred for eligible public improvements identified in the MGDA. Revenue collected from a lodging public improvement fee and retail public improvement fee is only pledged to the payment of bonds upon direction from MCLI. BURA and the City have pledged all their Pledged Revenue, excluding administrative fees and district increment revenues from agreements with Adams 12 Five Star School District, Brighton 27J School District, North Metro Fire Rescue District, Mile High Flood District, and the Districts, to the District for payment of certain reimbursement obligations owed to RRES or the District, as provided in the MGDA. Eligible costs for eligible public improvements shall not exceed either $391,597,766, multiplied by a CPI adjustment factor (as of any given time), which amount excludes structured parking and eligible surface parking, or (b) $790,207,766 multiplied by a CPI adjustment factor (as of any given time), which amount includes structured parking and eligible surface parking.

Note 7 – Related Parties

The District is part of the Baseline multiple-district structure and enters into transactions with Baseline Metropolitan District Nos. 2 through 9 pursuant to intergovernmental agreements. These transactions may include service fees, reimbursements, cost allocations, and other amounts contemplated by the agreements.

All of the members of the Board of Directors are employees at Realberry Real Estate Services, LLC., which is manager of MCLI and NPD. Board Members may also be investors or otherwise affiliated with MCLI and NPD. The District owes MCLI $331,118 in note principal as of December 31, 2025.

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool), an intergovernmental risk-sharing organization established to provide property, liability, public officials' liability, and other insurance coverage to participating special districts. The District pays annual premiums to the Pool for this coverage. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and accumulated reserves, the Pool may require additional contributions from participating members.

There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded insurance coverage during any of the past three fiscal years.

Note 9 – Taxpayer's Bill of Rights (TABOR)

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary and benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Note 10 – Deficit Net Position

The District reported a deficit net position of $(28,350,283) at December 31, 2025. The deficit is primarily attributable to the District's financing of public infrastructure improvements that have been conveyed to other governmental entities. The debt issued to finance those improvements remains an obligation of the District until repaid from pledged revenues. Accordingly, the deficit net position is an expected result of the District's financing structure and does not reflect the District's ability to meet its debt service obligations.

Note 11 – Error Correction

During the year ended December 31, 2025, the District identified an error in its previously issued financial statements related to incorrect accounting for its bond refunding in 2024. As of December 31, 2024, the deferred outflow of resources associated with governmental activities was reported as $0. The amount was understated by $1,411,892 as a result of incorrect accounting for the bond refunding as of December 31, 2024.

The correction increased deferred outflows of resources by $1,411,892. Net position of governmental activities was increased by $1,411,892. Accordingly, net position of governmental activities as of December 31, 2024, which was previously reported as $(35,515,358), has been restated to $(34,103,466).

Had the error not occurred, the change in net position of governmental activities for the year ended December 31, 2024, would have been $1,411,892 higher than the amount previously reported.

The correction has been reported retroactively in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The effect of the error correction on beginning net position is as follows:

	Balance at December 31, 2024 as previously reported	Error Correction	Opening balance, as restated
Statement of Net Position			
Governmental Activities			
Deferred outflow of resources	$ -	$ 1,411,892	$ 1,411,892
Net position	$ (35,515,358)	$ 1,411,892	$ (34,103,466)

Required Supplementary Information

Baseline Metropolitan District No. 1
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	Budget			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Service fees	10	11	11	-
Tax increment revenues	1,335,436	1,335,436	1,335,436	-
Interest and other income	48,500	644,947	483,710	(161,237)
TOTAL REVENUES	1,383,946	1,980,394	1,819,157	(161,237)
EXPENDITURES				
General government				
Accounting and audit	128,300	125,013	125,013	-
District management	105,400	101,294	101,294	-
Facilities management	93,000	116,508	116,508	-
Insurance	30,000	25,069	25,069	-
Grounds maintenance	453,000	500,526	500,526	-
Utilities	40,000	30,883	30,883	-
Legal expenses	135,000	84,097	84,097	-
Office, dues and other	38,960	62,169	62,169	-
Contingency	-	25,000	-	25,000
TOTAL EXPENDITURES	1,023,660	1,070,559	1,045,559	25,000
NET CHANGE IN FUND BALANCE	360,286	909,835	773,598	(136,237)
Fund Balance, beginning of year	2,391,551	2,455,187	2,455,187	-
Fund Balance, end of year	$ 2,751,837	$ 3,365,022	$ 3,228,785	$ (136,237)

See Notes to the Required Supplementary Information.

Note 1: Stewardship, Compliance, and Accountability

Budgets

The District follows these procedures to establish the budgetary information reflected in the financial statements:

- In October, management submits to the District Board a proposed budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the District Board.
- Budgets are legally adopted for all funds of the District. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Capital outlay and debt payments are budgeted as expenditures and depreciation is not budgeted.
- Colorado governments may not exceed budgeted appropriations at the fund level.
- All appropriations lapse at year end.

Supplementary Information

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Service fees	$ 255,123	$ 255,819	$ 260,239	$ 4,420
Tax increment revenues	11,612,682	16,651,851	16,680,815	28,964
Use taxes	636,804	194,341	218,534	24,193
SEF fee	99,900	49,480	50,194	714
Interest income	410,000	525,000	579,014	54,014
TOTAL REVENUES	13,014,509	17,676,491	17,788,796	112,305
EXPENDITURES				
Debt service				
Principal	7,295,000	8,175,000	7,985,000	190,000
Interest and fiscal charges	7,930,617	5,971,088	5,977,686	(6,598)
TOTAL EXPENDITURES	15,225,617	14,146,088	13,962,686	183,402
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,211,108)	3,530,403	3,826,110	295,707
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	(9,056,030)	(9,056,030)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(9,056,030)	(9,056,030)	-
NET CHANGE IN FUND BALANCE	(2,211,108)	(5,525,627)	(5,229,920)	295,707
Fund Balance, beginning of year	14,010,771	14,600,026	14,600,026	-
Fund Balance, end of year	$ 11,799,663	$ 9,074,399	$ 9,370,106	$ 295,707

	Budget		
	Original and Final	Actual	Variance with Final Budget
REVENUES:			
Interest income	750,000	699,214	(50,786)
TOTAL REVENUES	750,000	699,214	(50,786)
EXPENDITURES			
General government			
District management	49,995	62,188	(12,193)
District planning and engineering	190,000	322,785	(132,785)
District erosion control	150,000	-	150,000
Capital outlay			
Direct project costs	57,583,720	28,214,553	29,369,167
TOTAL EXPENDITURES	57,973,715	28,599,526	29,374,189
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(57,223,715)	(27,900,312)	29,323,403
OTHER FINANCING SOURCES (USES)			
Capital reimbursements	2,137,730	327,628	(1,810,102)
Capital advances	14,537,169	-	(14,537,169)
Transfers in (out)	-	9,056,030	9,056,030
TOTAL OTHER FINANCING SOURCES (USES)	16,674,899	9,383,658	(7,291,241)
NET CHANGE IN FUND BALANCE	(40,548,816)	(18,516,654)	22,032,162
Fund Balance, beginning of year	40,548,816	36,962,437	(3,586,379)
Fund Balance, end of year	$ -	$ 18,445,783	$ 18,445,783